

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.10 (unch.)	GNMA (30 Yr) 6% Coupon:	113-02/32 (0.90%)
6 Mo. T-Bill:	0.14 (+01 bps)	Duration:	3.47 years
1 Yr. T-Bill:	0.17 (+01 bps)	30-Year Insured Revs:	152.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.26 (+01 bps)	Bond Buyer 40 Yield:	4.23% (-05 bps)
3 Yr. T-Note:	0.34 (-01 bps)	Crude Oil Futures:	92.96 (+2.96)
5 Yr. T-Note:	0.67 (-04 bps)	Gold Futures:	1772.9 (+2.8)
10 Yr. T-Note:	1.75 (-11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.94 (-14 bps)	BB, 7-10 Yr.:	5.43% (+4 bps)
		B, 7-10 Yr.:	6.62% (+6 bps)

After declining strongly last week following the Federal Reserve's announcement of additional rounds of quantitative easing, Treasuries reversed course this week regaining most of their losses. Economic data and negative headlines from Europe drove treasuries higher on Monday as September Empire Manufacturing declined -10.41 vs. expectations of a -2 decline. Housing data released on Wednesday was mostly positive, but treasuries held their ground ahead of further economic releases on Thursday. August Housing Starts of 750K missed expectations of 767K, but Building Permits of 803K beat expectations and August Existing Home Sales leapt 7.8% MoM to 4.82M, higher than estimates of 4.56M. Reports on Thursday showed August leading indicators declined -.1%, in-line with expectations, while the September Philadelphia Fed declined -1.9. Jobless claims were higher than expected and uncertainty in Europe kept a bid for government debt in place. Treasuries trading was mixed on Friday as news flow was lighter, but they ultimately finished slightly higher to close out the week. Major economic reports (and related consensus forecasts) for next week include: Monday: Dallas Fed Sept. Manufacturing. Activity (-1.6); Tuesday: July S&P/Case-Shiller 20 city MoM % Change (.7%), September Consumer Confidence (63.1), September Richmond Fed. Manufacturing Index (-6), July House Price Index MoM (.6%); Wednesday: August New Home Sales (380K); Thursday: 2Q GDP QoQ (1.7%), Personal Consumption (1.7%), August Durable Goods Orders (-4.7%), August Pending Home Sales MoM % Change (0%); Friday: August Personal Income/Spending (.2% and .5%, respectively), and September U. of Michigan Confidence (79).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	13579.47 (-13.9, -.1%)	Strong Sectors:	Telecom, Health Care, Consumer Staples
S&P 500:	1460.15 (-5.62, -.38%)	Weak Sectors:	Financials, Energy, Materials
S&P MidCap:	1006.04 (-20.81, -2.03%)	NYSE Advance/Decline:	1,371/ 1,768
S&P Small Cap:	478.10 (-7.56, -1.56%)	NYSE New Highs/New Lows:	505 / 32
NASDAQ Comp:	3179.96 (-3.99, -.13%)	AAII Bulls/Bears:	37.5% / 33.8%
Russell 2000:	855.51 (-9.19, -1.06%)		

The Dow Industrials lost 13.90 points a week after Chairman Bernanke announced the Fed would purchase mortgage securities in an effort to support the US economy. One of the biggest headlines of last week was **Apple's** release of iPhone 5. The new phone flew off retailer shelves, strengthening the company's share price. On Wednesday, Apple closed at an all-time high of \$702.10. As mentioned above, the National Association of Realtors announced sales of existing homes increased 7.8%, which translates to an annual rate of 4.8 million homes. This is the best number reported by the organization in two years, adding further evidence that a housing recovery is taking place. Last week, could not be all good news for all market participants. Economic bellwether, **FedEx**, issued a negative outlook for the coming year specifically mentioning a slowing economy in China. **Bank of America** announced layoffs of 16,000 in an effort to increase profitability at the banking giant. Also announcing layoffs was coal mining company, **Alpha Natural Resources**. As the country has increasingly used cleaner alternatives to coal, the company has struggled. Alpha Natural announced they would be closing eight mines and cutting 1,200 jobs, or almost 10% of the company's workforce. Real estate listings website, **Trulia**, made its public debut. The company's stock soared 41% in its first day of trading in another positive headline for the housing sector. This week, economists will be looking to several housing related announcements to determine how much the health of the housing market has improved. On Monday, home builder, **Lennar**, will report earnings. Tuesday, July's S&P/Case-Shiller Home Index will be announced and the Commerce Department will report new-home sales for August. The week should provide multiple substantive data points for the market to digest, providing direction as we head into earnings season two weeks from now.