

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (-03 bps)	GNMA (30 Yr) 6% Coupon:	110-16/32 (2.51%)
6 Mo. T-Bill:	0.07 (unch.)	Duration:	3.61 years
1 Yr. T-Bill:	0.12 (-01 bps)	30-Year Insured Revs:	147.0% of 30 Yr. T-Bond
2 Yr. T-Note:	0.31 (-04 bps)	Bond Buyer 40 Yield:	5.20 (+03 bps)
3 Yr. T-Note:	0.61 (-06 bps)	Crude Oil Futures:	100.81 (-1.21)
5 Yr. T-Note:	1.33 (-09 bps)	Gold Futures:	1,314.40 (+46.40)
10 Yr. T-Note:	2.58 (-11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.64 (-11 bps)	U.S. High Yield:	6.51% (-18 bps)
		BB:	5.13% (-16 bps)
		B:	6.50% (-17 bps)

Treasury prices rose significantly this week once Congressional leaders agreed to a debt ceiling deal to end the government shutdown. Treasury prices started the week down considerably but on Wednesday, a bipartisan deal was reached to fund the federal government through January 15<sup>th</sup>, 2014 and to lift the debt ceiling through February 7<sup>th</sup>, 2014. This led to the federal government reopening on Thursday, where relaxed worries of a default on the debt resulted in increased demand for Treasuries and caused prices to rebound and rise well past the prices at the beginning of the week. However, many investors view this as a temporary solution and are worried the government will be in the same situation a few months from now. This uncertainty has led investors to believe the Federal Reserve will hold off on tapering bond purchases soon as Chicago Fed president Charles Evans joined other voices calling for a delay in tapering. This caused Treasury prices to rally further on Thursday and Friday, along with Gold. Major economic reports (and related consensus forecasts) scheduled to be released during the upcoming week include: Monday: September Existing Home Sales (5,300,000); Tuesday: September Unemployment Rate (7.3%), September Change in Nonfarm Payrolls (180,000), September Industrial Production (0.4% MoM), September Advance Retail Sales (0.1% MoM), August Factory Orders (0.3%) September Housing Starts (910,000), September Leading Index (0.6% MoM); Wednesday: October 18<sup>th</sup> MBA Mortgage Applications, August House Price Index (0.8% MoM); Thursday: October 19<sup>th</sup> Initial Jobless Claims (340,000), September New Home Sales (425,000); Friday: September Durable Goods Orders (2.0%), October University of Michigan Confidence (75.0).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	15,399.65 (1.12%)	Strong Sectors:	Telecom, Financials, Health Care
S&P 500:	1744.50 (2.44%)	Weak Sectors:	Utilities, Industrials, Cons. Discretionary
S&P MidCap:	1290.59 (2.34%)	NYSE Advance/Decline:	3,221/ 642
S&P Small Cap:	632.74 (2.81%)	NYSE New Highs/New Lows:	581 / 125
NASDAQ Comp:	3914.28 (3.23%)	AAll Bulls/Bears:	46.3% / 24.9%
Russell 2000:	1114.77 (2.81%)		

U.S. equities advanced sharply this week, as lawmakers avoided a potential default on the Government's debt and corporate earnings continued to be strong. The S&P 500 index was up 2.4% and closed Friday with an all-time high of 1744.50. The rollercoaster debt ceiling debate continued to inject uncertainty into the equity markets. On Monday, several lawmakers spoke publically that a deal was 'near' and they were 'very optimistic' about getting a deal done. Tuesday, equities fell nearly 1% as the deal that was 'near' on Monday fell through. However, late Wednesday cooler heads prevailed in Washington as a short-term (through February) lift of the debt ceiling was agreed upon in both the U.S. House of Representatives and the U.S. Senate. As the debt ceiling war in Washington wound down, many companies continued to turn in strong earnings announcements. **American Express Co.** rallied the most in nearly two years after reporting that both revenues and earnings per-share beat analyst estimates. **Google Inc.** saw its shares rise nearly 14%, topping \$1000 per-share for the first time, as the internet giant announced a large increase in revenue and earnings per-share. **Peabody Energy Corp.**, the largest U.S. coal producer, rallied nearly 4% as the company posted a surprise 3Q profit after a recovery in coal prices and a reduction of mining costs. **Chipotle Mexican Grill Inc.** surged nearly 16% as the company saw record customer traffic. So far during this earnings season 100 companies have announced an average of 4.4% growth in earnings, 2% growth in sales and some 70 companies have topped analyst profit estimates while 56 have beaten on sales. Next week, **McDonald's Corp.**, **Texas Instruments Inc.**, **Boeing Co.**, **Caterpillar Inc.**, **AT&T Inc.**, **Dow Chemical Co.**, **3M Co.**, **Ford Motor Co.**, **Microsoft Corp.**, **Amazon.com Inc.** and **Procter & Gamble Co.** are all expected to announce 3Q earnings.