

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.03 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-05/32 (2.55%)
6 Mo. T-Bill:	0.07 (unch.)	Duration:	3.60 years
1 Yr. T-Bill:	0.10 (-02 bps)	30-Year Insured Revs:	146.9% of 30 Yr. T-Bond
2 Yr. T-Note:	0.30 (-01 bps)	Bond Buyer 40 Yield:	5.10 (-10 bps)
3 Yr. T-Note:	0.58 (-03 bps)	Crude Oil Futures:	97.88 (-2.93)
5 Yr. T-Note:	1.28 (-05 bps)	Gold Futures:	1,352.40 (+38.00)
10 Yr. T-Note:	2.51 (-07 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.60 (-04 bps)	U.S. High Yield:	6.42% (-09 bps)
		BB:	5.00% (-13 bps)
		B:	6.42% (-08 bps)

Treasury debt advanced sharply this week amid speculation that the US recovery is progressing too slowly for the Federal Reserve to withdraw their monthly bond purchase program. Treasuries traded sideways with stable yields the first few days of the week ahead of economic releases. On Tuesday Treasury yields dropped mid-day after a payroll report showed that fewer jobs were added in than projected in September. Government debt continued to rally on Wednesday, with the 10-year yield dropping to the lowest level in three months as investors bet that the Federal Reserve would delay plans to trim its bond buying program. On Thursday the Aug. Trade balance was reported at -\$38.8B, missing expectations. On Friday Sept. Durable Goods orders rose 3.7% vs. 2.3% survey expectations while Non-defense Capital Goods Orders fell -1.1%. The October U. of Michigan Confidence index also missed expectations for a reading of 75, printing at 73.2, causing treasuries to rally into the weekend close. Major economic reports (and related consensus forecasts) for next week include: Monday: Sept. Industrial Production (.4% MoM), Capacity Utilization (78.0%), and Sept. Pending Home Sales (0% MoM/3.5% YoY); Tuesday: Sept. PPI (.2% MoM/.6% YoY), Advance Retail Sales (0% MoM), Aug. S&P/CS 20 City Composite Index (.6% MoM), Oct. Consumer Confidence (75), and Sept. Monthly Budget Statement (\$67B); Wednesday: Oct. ADP Employment Change (150K), Sept. CPI (.2% MoM), and FOMC Rate Decision (.25%); Thursday: Chicago Purchasing Manager Index (55.0); Friday: Oct. ISM Manufacturing (55) and Oct. Total/Domestic Vehicle Sales (15.40M and 11.80M, respectively).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	15,570.28 (1.11%)	Strong Sectors:	Industrials, Utilities, Consumer Discretionary
S&P 500:	1,759.77 (0.88%)	Weak Sectors:	Financials, Energy, Health Care
S&P Midcap:	1,295.10 (0.36%)	NYSE Advance/Decline:	2,047/ 1,145
S&P Smallcap:	636.48 (0.60%)	NYSE New Highs/New Lows:	688/ 40
NASDAQ Comp:	3,943.36 (0.75%)	AAll Bulls/Bears:	49.2% / 17.6%
Russell 2000:	1,118.34 (0.33%)		

Last week the S&P 500 Index closed up with a 0.88% return continuing the trend of positive performance for the third straight week. The index has returned 4.76% for the month through October 25, 2013. October is the third best performing month in 2013 following January and July respectively with four trading days remaining. Monday opened and closed flat following the previous week's 2.44% return. Investors were awaiting Tuesday's economic data. Tuesday's disappointing non-farm payroll data increased expectations of the Federal Reserve maintaining its stimulus efforts which helped stocks advance 0.57%. Stocks declined 0.47% on Wednesday after four days of record highs for the S&P 500 Index. Stocks advanced on Thursday despite US initial jobless claims of 350K, which was higher than expected. Claims decreased from the previous week's number of 358K, but were higher than the consensus estimate of 340K. Friday trended up for the day closing with a 0.44% return and a new high on the S&P 500 Index of 1759.77. Eight of the ten economic sectors had positive performance for the week. The industrials sector was the best performing sector with a 2.23% return. Utilities and consumer discretionary sectors followed with 2.01% and 1.99% returns, respectively. Financials' -0.34% return was the worst performance of all the sectors and was followed by energy and health care which returned -0.07% and 0.33%, respectively. **Corning Inc.**, a global technology company producing components for the telecommunications and video display industry, turned in the best performance in the S&P 500 Index with a 15.67% gain. The next two best performers were **Alexion Pharmaceuticals Inc.** and **Flowserve Corp.** with returns of 15.44% and 10.80% respectively. This week will bring earnings news from companies such as **Apple Inc.**, **Exxon Mobil Corp.**, **Berkshire Hathaway Inc.**, **Chevron Corp.**, **Pfizer Inc.**, **Merck & Co Inc.**, **Visa Inc.**, **Comcast Corp.**, **Starbucks Corp.**, **General Motors Co.** and many more.