

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.04 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-07/32 (2.54%)
6 Mo. T-Bill:	0.08 (+01 bps)	Duration:	3.60 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	142.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.31 (+01 bps)	Bond Buyer 40 Yield:	5.06 (-4 bps)
3 Yr. T-Note:	0.59 (+01bps)	Crude Oil Futures:	94.64 (-3.21)
5 Yr. T-Note:	1.38 (+10 bps)	Gold Futures:	1,315.20 (-37.2)
10 Yr. T-Note:	2.62 (+11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.70 (+10 bps)	U.S. High Yield:	6.38% (-04 bps)
		BB:	5.04% (+04 bps)
		B:	6.42% (unch.)

Treasury debt fell this week as manufacturing and consumer spending grew faster than expected. Spending and inflation reports are carefully reviewed for any potential impact they may possibly have on the Federal Reserve's decision to taper. On Monday, MoM Industrial Production increased at .6% vs an expected .4%. Tuesday revealed wholesale prices fell in October with an unexpected decrease in the producer price index mostly due to decreased food costs. Inflation continues to run below the Federal Reserve's 2% near-term inflation target. Retail and Food Service sales were down .1% but retail sales excluding autos were up .4% MoM as spending continued even during the government shutdown. Though spending continued unabated, the consumer confidence survey came in unexpectedly lower at 71.2 vs. an anticipated 75. The Wednesday ADP National Employment report disappointed as companies hired the fewest workers in six-months. On Thursday, initial jobless claims were 10K less than prior month at 340K, slightly under expectations. The end of the week saw the Friday ISM Manufacturing report with an October increase as it rose to 56.4 – its highest level since 2011. Major economic reports (and related consensus forecasts) for next week include: Monday: August and September US Manufacturers' New Orders – to be released jointly due to the prior government shutdown; Wednesday: MBA US Mortgage Applications, Leading Index MoM (.6%); Thursday: Initial Jobless Claims (335K) and GDP Annualized QoQ (2%, -.5% YoY); Friday: Change in Non-Farm Payrolls (125K), October Unemployment Rate (7.3%), Personal Income MoM (.3%, -.1%), Personal Spending MoM (.2%, -.1%) and University of Michigan Survey of Consumer Confidence (74.5, +1.3).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15615.55 (0.29%)	Strong Sectors:	Telecom, Consumer Staples, Health Care
S&P 500:	1761.64 (0.13%)	Weak Sectors:	Materials, Financials, Utilities
S&P MidCap:	1290.71 (-0.31%)	NYSE Advance/Decline:	1,154 / 2,032
S&P Small Cap:	626.68 (-1.51%)	NYSE New Highs/New Lows:	477 / 60
NASDAQ Comp:	3922.042 (-0.52%)	AAll Bulls/Bears:	45.0% / 21.5%
Russell 2000:	1095.67 (-2.01%)		

Last week, stocks were mixed with large cap stocks outperforming small caps. The Dow Jones rose for the fourth consecutive week. This performance comes amid signs the Chinese economy has been strengthening. China's official Purchasing Manager's Index rose more than expected last month and is now at an 18 month high. *The Wall Street Journal* reported that **Barclays** and **Royal Bank of Scotland** have suspended traders in possible connection to rigging interbank lending rates. This comes in addition to a pending investigation that currency traders from **UBS** and **Deutsche Bank** were involved in possible exchange rate manipulation. In addition, **Fannie Mae** filed a lawsuit against nine banks over losses sustained by the company in 2008 in connection to alleged manipulation of Libor. The lawsuit alleges that Fannie suffered losses of \$800 million on securities and derivatives tied to Libor. Last week was the fourth week of earnings season. Warren Buffett's **Berkshire Hathaway** reported a 29% increase in earnings. Nevertheless, shares traded down 1.3% for the week. Also reporting in the insurance space was **AIG**, the company reported disappointing revenue from its property and casualty businesses. Friday shares at the insurance giant fell more than 6%. The newest company to price an IPO was retailer **the Container Store**. Thursday night, shares were priced at \$18 before rising more than 100% to close at \$36.20. Looking ahead, we will see one of the busiest weeks of earnings season. **CME Group**, **CVS Caremark**, **Carlyle Group**, **Ralph Lauren**, **Chesapeake Energy**, **Qualcomm**, **Whole Foods** and several dozen others will all report.