

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.06 (unch.)	GNMA (30 Yr) 6% Coupon:	111-12/32 (1.99%)
6 Mo. T-Bill:	0.08 (-01 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.13 (+02 bps)	30-Year Insured Revs:	138.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.33 (+03 bps)	Bond Buyer 40 Yield:	5.12 (-02 bps)
3 Yr. T-Note:	0.67 (+06 bps)	Crude Oil Futures:	96.60 (-1.05)
5 Yr. T-Note:	1.53 (+05 bps)	Gold Futures:	1,235.70 (+5.40)
10 Yr. T-Note:	2.87 (+03 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.87 (unch.)	U.S. High Yield:	6.38% (unch.)
		BB:	5.08% (-01 bps)
		B:	6.39% (unch.)

Treasuries rose this week as commodities and stocks both fell. Oil continues sliding on increased US supply and has been down 8 of the past 10 weeks. The Energy Information Administration shows increasing stockpiles of gasoline which continue to pressure putting pressure on prices. The House of Representatives passed its first US Budget in four years, which will ease some of the sequester cuts and give stability to the financial system. Investors anticipate increasing yields going forward as improving economic data was cited in the Federal Reserve's October meeting as support for reducing the pace at which it buys Treasuries; currently at the rate of 85 billion per month. Wednesday's Mortgage Bankers Association (MBA) US Mortgage Applications had a slight rebound, 1%, from the prior week's report which had a drop of nearly 13% during the shortened holiday period. MoM Retail sales advanced 7% during the month of November. Lower gas prices, lower unemployment and gradually improving wages are all helping to create stronger retail demand. Thursday, jobless claims increased 68,000 coming out of the week's prior report which recorded unemployment hitting a five-year low. The PPI fell for the third straight month on Friday due to lower energy prices but core prices, excluding energy and food, rose .1%. Major economic reports (and related consensus forecasts) for next week include: Monday: November Industrial Production (.5% MoM); Tuesday: CPI (.01% MoM) Wednesday: MBA Mortgage Applications; Housing Starts (950K) and FOMC Rate Decision (.25%) Thursday: Initial Jobless Claims (330,000, -38,000); November Existing Home Sales (5.02M); Nov Leading Index (.7%, +.5%); Friday: QoQ GDP Annualized (3.6%, unch.).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	15,755.36 (-1.59%)	Strong Sectors:	Materials, Consumer Discretionary, Industrials
S&P 500:	1,775.32 (-1.61%)	Weak Sectors:	Health Care, Telecom Services, Utilities
S&P Midcap:	1,289.42 (-1.50%)	NYSE Advance/Decline:	875/ 2,324
S&P Smallcap:	636.78 (-1.94%)	NYSE New Highs/New Lows:	269/ 401
NASDAQ Comp:	4,000.98 (-1.50%)	AAII Bulls/Bears:	41.3% / 25.0%
Russell 2000:	1,107.05 (-2.11%)		

Last week the S&P 500 Index closed down with a -1.61% return. This broke the nine week trend without negative performance with the last negative return of -0.04% the week ending October 4, 2013. The index has already increased 27.05% YTD with less than three weeks remaining in 2013. With no economic data released, Monday showed a small gain of 0.19% as investors were focused on the Fed in search of clues on future monetary policy. Capitol Hill's budget negotiations had investors uncertain on Tuesday pulling the index down -0.32%. The -1.12% return on Wednesday was the worst performance of the week as speculation of the Fed tapering the stimulus in the coming months increased investors' concerns. Stocks declined for the third straight day on Thursday with a -0.35% return. US initial jobless claims were 368K, which was much higher than expected. Claims increased from the previous week's 298K and were higher than the consensus estimate of 320K. While the House of Representatives approved a budget, concerns of tapering offset Friday's positive news and showed a flat day for the index with a -0.01% return. All ten of the economic sectors had negative performance for the week. The materials sector was the best performing sector with a -0.67% return. Consumer discretionary and industrials sectors followed with -1.02% and -1.07% returns, respectively. Health care's -2.56% return was the worst performance of all the sectors and was followed by telecommunication services and utilities which returned -2.43% and -2.35%, respectively. **Adobe Systems Inc.**, a computer software company for digital media and digital marketing, turned in the best performance in the S&P 500 Index with a 9.51% gain. The next two best performers were **Scripps Networks Interactive Inc.** and **Allegion PLC** with returns of 9.11% and 6.27% respectively. This week will bring earnings news from companies such as **Oracle Corp.**, **NIKE Inc.**, **Walgreen Co.**, **FedEx Corp.**, **General Mills Inc.**, **Carnival Corp.**, **Psychex Inc.**, **ConAgra Foods Inc.**, **CarMax Inc.** and many more.