

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr) 6% Coupon:	110-02/32 (2.87%)
6 Mo. T-Bill:	0.02 (-03 bps)	Duration:	3.60 years
1 Yr. T-Bill:	0.10 (-02 bps)	30-Year Insured Revs:	136.3% of 30 Yr. T-Bond
2 Yr. T-Note:	0.43 (-02 bps)	Bond Buyer 40 Yield:	5.22 (-10 bps)
3 Yr. T-Note:	0.87 (-01 bps)	Crude Oil Futures:	108.21 (-2.32)
5 Yr. T-Note:	1.69 (-06 bps)	Gold Futures:	1308.40 (-77.8)
10 Yr. T-Note:	2.88 (-05 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.83 (-03 bps)	U.S. High Yield:	6.82% (-07 bps)
		BB:	5.47% (-06 bps)
		B:	6.84% (-09 bps)

Treasuries prices moved higher this week amid geopolitical tension and mixed economic data flows. Early in the week, investors speculated that a series of recent weak payroll reports would provide a catalyst for the Federal Reserve to sustain its quantitative easing program, boosting demand for Treasuries. Additionally, July Consumer Credit was also reported at \$10.43B, missing expectations for \$12.07B expansion. A Russian brokered proposal asking Syria to place its chemical weapons under international control appeared to gain traction on Tuesday, which in turn caused demand for safe assets to drop. A midweek treasury auction of \$21B in 10-year notes drew above average demand at a yield of 2.946%, even as corporate issuer Verizon Wireless began its first of 8 offerings for \$49B in bonds. Jobless claims showed improvement on Thursday while another auction of \$13B in 30 year bonds drew strong demand, keeping yields suppressed. The week closed with a few economic reports: the August PPI was up .3%, beating .2% expectations while Advanced Retail Sales grew just .2% vs. .5% expectations, and the Sept. Univ. Michigan Confidence number was reported at 76.8 vs. expectations of 82. Major economic reports (and related consensus forecasts) for next week include: Monday: September Empire Manufacturing (9.00), August Industrial Production and Capacity Utilization (77.9%); Tuesday: August CPI (+.2% MoM) and July Net Long-Term TIC Flows (-\$15B); Wednesday: Aug. Housing Starts (920K, +2.7% MoM), August Building Permits (950K, -.4% MoM), and FOMC Rate Decision (.25%); Thursday: Aug. Existing Home Sales (5.25M, -2.6% MoM), 2Q Current Account Balance (-\$97.2B), and Aug. Leading Index (.6%).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	15,376.06 (+3.0%)	Strong Sectors:	Industrials, Consumer Discretionary, Materials
S&P 500:	1687.99 (+2.0%)	Weak Sectors:	Utilities, Energy, Info Tech
S&P MidCap:	1229.4 (+2.6%)	NYSE Advance/Decline:	2,132/ 1,058
S&P Small Cap:	595.37 (+2.4%)	NYSE New Highs/New Lows:	364/ 158
NASDAQ Comp:	3722.18 (+1.7%)	AAll Bulls/Bears:	45.5%/ 24.6%
Russell 2000:	1053.98 (+2.4%)		

The Dow Jones Industrial Average notched its best week since January as a potential U.S. military strike against Syria was delayed. The U.S. now intends to pursue a proposal by Russia for Syria to surrender its chemical weapons. Retail sales for the month of August were the slowest in 4 months. However, many investors view sluggish growth positively as it could delay the start of the Fed's tapering. Cyclical sectors continued to outperform defensive sectors as renewed global growth and cheaper valuations led economically sensitive shares higher. In stocks news, **SeaWorld Entertainment Inc.** rose after reporting admission revenue growth of 4% for the summer season. Despite announcing two new phones for the first time, **Apple Inc.** dropped 6.7% for the week. The new phones were criticized by analysts for lack of new features in the iPhone 5S and a \$549 price point for the iPhone 5C without a contract as it is unlikely to attract a broader range of customers. Retailers continue to struggle as **Lululemon Athletica Inc.** cut full year guidance and **Urban Outfitters, Inc.** reported weak comps. **Walt Disney Co.** gained after announcing plans to repurchase up to \$8 billion in stock starting in 2014. **Verizon Communications Inc.** sold a record \$49 billion in bonds to help finance **Vodafone Group's** 45% stake in their wireless business. Next week's key headline will be the FOMC's policy decision of whether or not to begin tapering its \$85 billion in monthly bond purchases. In addition, housing will be in focus as August housing starts and existing home sales numbers will show if a recent rise in rates has affected demand.