

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (+01 bps)	GNMA (30 Yr) 6% Coupon:	110-20/32 (2.39%)
6 Mo. T-Bill:	0.03 (-01 bps)	Duration:	3.61 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	142.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.33 (unch.)	Bond Buyer 40 Yield:	5.09 (-05 bps)
3 Yr. T-Note:	0.63 (-06 bps)	Crude Oil Futures:	102.83 (-1.84)
5 Yr. T-Note:	1.40 (-08 bps)	Gold Futures:	1336.00 (+3.40)
10 Yr. T-Note:	2.63 (-11 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.69 (-07 bps)	U.S. High Yield:	6.72% (+09 bps)
		BB:	5.32% (+03 bps)
		B:	6.74% (+08 bps)

Treasury prices ended the week much higher in the wake of last week's decision by the Federal Reserve to not taper bond purchases yet and on uncertainty surrounding the fiscal debate in Washington, D.C. In addition, comments from members of the Federal Reserve suggest the economy is not improving fast enough and tapering may not come soon. On Monday, New York Fed President William Dudley said the drag from tax increases and the sequester will merit more accommodative monetary policy, while Atlanta Fed President Dennis Lockhart said he doubts the Fed will taper in October. Wednesday had more chatter that Janet Yellen would be named to the top post at the Fed. Yellen is considered to favor more accommodative monetary policy and will likely to continue the policy of bond purchases as they are. Treasury auctions on Tuesday and Wednesday caused yields to drop as the auctions had more demand from direct bidders and higher bid to amount ratios. Treasury prices rose again on Friday as the debt ceiling debate did not get much closer to an agreement and investors fear a government shutdown. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: September Chicago Purchasing Manager (54.0); Tuesday: August Construction Spending (0.4% MoM); September ISM Manufacturing (55.1); Thursday: Initial Jobless Claims (314,000), August Factory Orders (0.2%); Friday: September Change in Nonfarm Payrolls (180,000), September Unemployment Rate (7.3%).

US Stocks			
Weekly Index Total Return:		Market Indicators:	
DJIA:	15,258.24 (-1.25%)	Strong Sectors:	Info. Tech., Cons. Disc. Utilities
S&P 500:	1691.75 (-1.02%)	Weak Sectors:	Cons. Staples, Financials, Health Care
S&P MidCap:	1244.18 (-0.06%)	NYSE Advance/Decline:	1,472 / 1,709
S&P Small Cap:	606.61 (0.26%)	NYSE New Highs/New Lows:	81 / 36
NASDAQ Comp:	3781.59 (0.21%)	AAll Bulls/Bears:	36.1% / 30.6%
Russell 2000:	1074.19 (0.19%)		

In a week full of Washington shenanigans the S&P 500 slid down 1.0% and marked the first weekly drop since August. With one trading day left in September, the S&P 500 is up 3.8%, which would be the third best month year-to-date if it holds, and would mark the 13th month in the last 16 with a positive return. A week ago Friday, the House of Representatives passed a continuing resolution without funding for the Affordable Care Act. This past week was dominated by news out of Washington trying to determine what the Senate would do in response. Tuesday and Wednesday Senator Ted Cruz (R-TX) held a 21 hour filibuster on the Senate floor in an impassioned attempt to keep the government from funding the Affordable Care Act. However, on Friday the Senate Republicans decided not to block cloture. Thus Senate Democrats sent a clean continuing resolution, without the defunding of the Affordable Care Act, back to the House. Most likely the Senate's action from Friday will add to more Washington fireworks well into next week as the equity markets continue to express a desire for political clarity. The VIX Index (a measure of equity market volatility) was up nearly 18% for the week as a result of the Washington wrangling. **Wal-Mart Stores Inc.** fell this week on fears that inventory at the nation's largest retailer were starting to build. **J.C. Penny Inc.** sank over 30% on the week, reaching its lowest price since 2000, as weak fundamentals and inventory rebuilding continue to plague the company's liquidity levels. **JPMorgan Chase & Co.** rallied nearly 4% since Wednesday as the company resumed settlement talks with the government in regards to its MBS activities. Looking to next week, Monday should bring clarity on a possible government shut down, Tuesday the Affordable Care Act insurance marketplaces are scheduled to open as Washington will continue to dominate newsfeeds.