

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr.) 6% Coupon:	109-21/32 (3.02%)
6 Mo. T-Bill:	0.05 (unch.)	Duration:	3.59 years
1 Yr. T-Bill:	0.12 (unch.)	30-Year Insured Revs:	143.4% of 30 Yr. T-Bond
2 Yr. T-Note:	0.46 (+06 bps)	Bond Buyer 40 Yield:	5.32 (+03 bps)
3 Yr. T-Note:	0.88 (+10bps)	Crude Oil Futures:	110.25 (+2.60)
5 Yr. T-Note:	1.76 (+12 bps)	Gold Futures:	1388.90 (-6.90)
10 Yr. T-Note:	2.94 (+15 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.87 (+17 bps)	U.S. High Yield:	6.89% (+04 bps)
		BB:	5.53% (-01 bps)
		B:	6.93% (+04 bps)

Treasury prices ended the holiday shortened week much lower after uncertainty about military action in Syria caused investors to require higher yields. President Obama decided to seek Congressional approval for military action in Syria and debate began Tuesday afternoon. However, debate has not yet ended and there has not been a vote on the approval of military action, which has led to uncertainty in the markets. Support for military action from key leaders such as President Obama, Secretary Kerry and Speaker Boehner have sparked fears of action, causing Treasury prices to drop. On Thursday, the 10-Year yield hit 3% for the first time since May, but pared back below the psychological milestone on Friday. Key economic data also contributed to a drop in Treasury prices. The ISM Manufacturing Index showed that the sector expanded at its fastest pace in two years on Tuesday. On Wednesday, the Fed's Beige Book had the same positive language on the economy as before that contributed to speculation that tapering will occur soon. However, weaker than expected payroll data on Friday caused Treasury prices to rebound as investors speculated that tapering will not occur as soon as expected. Major economic reports (and related consensus forecasts) for the shorted week of Labor Day include: Wednesday: MBA Mortgage Applications, Wholesale Inventories (0.3% MoM); Thursday: September 7th Initial Jobless Claims (330,000), August Import Price Index (0.5% MoM, 0.7% YoY), August Monthly Budget Statement (-\$160.0B); Friday: August Producer Price Index (0.2% MoM, 1.3% YoY), August Advance Retail Sales (0.4% MoM), September U. of Michigan Confidence (82.1).

US Stocks			
Weekly Index Performance:		Market Indicators:	
DJIA:	14,922.50 (+0.8%)	Strong Sectors:	Health Care, Financials, Industrials
S&P 500:	1,655.17 (+1.4%)	Weak Sectors:	Telecom, Utilities, Consumer Staples
S&P MidCap:	1,198.69 (+1.3%)	NYSE Advance/Decline:	1,939/ 1,240
S&P Small Cap:	581.37 (+1.5%)	NYSE New Highs/New Lows:	170/ 135
NASDAQ Comp:	3,660.01 (+2.0%)	AAll Bulls/Bears:	35.5%/ 31.3%
Russell 2000:	1,029.55 (+1.8%)		

The S&P 500 edged higher on all four trading days during a holiday shortened week as economic data trumped Syrian fears. The highly anticipated jobs report on Friday was a slight disappointment with unemployment dropping to 7.3% and only 169,000 jobs added versus economist estimates of 180,000. However, a slightly worse than expected jobs report was viewed positively as the beginning of the Fed's tapering could be put off longer with an unclear labor picture. In other economic news, the ISM Manufacturing Index had its strongest reading since June 2011 as American producers lead a global recovery. Turning to stock news, **Costco Wholesale Corp.** and **Walgreens Co.** both rose for the week after posting impressive same-store sales growth. **General Motors Co.** and **Ford Motor Co.** posted strong car sales for the month of August as industry wide sales were the strongest since 2007. Shares of **SanDisk Corp.** and **Micron Technology Inc.** gained after a fire forced **SK Hynix Inc.** to stop operations at one of its factories causing a potential supply shortage. In merger news, **Louisiana-Pacific Corp.** shares popped after agreeing to buy **Ainsworth Lumber Co.** as the company wagers on a continued rebound in U.S. housing. **Microsoft Corp.** announced the acquisition of **Nokia's** Devices & Services business as it tries to better compete in the smartphone market. Looking ahead to next week, investors will be focused on a possible vote by Congress to authorize a military strike against Syria and retail sales for the month of August.