

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-01 bps)	GNMA (30 Yr) 6% Coupon:	112-25/32 (1.31%)
6 Mo. T-Bill:	0.05 (+01 bps)	Duration:	3.69 years
1 Yr. T-Bill:	0.09 (-01 bps)	30-Year Insured Revs:	173.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.39 (+02 bps)	Bond Buyer 40 Yield:	4.36 (+07 bps)
3 Yr. T-Note:	0.82 (+03 bps)	Crude Oil Futures:	81.30 (-1.45)
5 Yr. T-Note:	1.50 (+08 bps)	Gold Futures:	1,231.20 (-7.10)
10 Yr. T-Note:	2.27 (+08 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.04 (+07 bps)	U.S. High Yield:	6.28% (-18 bps)
		BB:	4.85% (-19 bps)
		B:	6.39% (-20 bps)

Treasury prices dropped moderately over the course of the week as investors moved back into riskier equity assets. On Monday, prices for Treasuries rose slightly as investors still worried about the previous week's volatility. However, Treasuries dropped on Tuesday as reports suggested that the European Central Bank is considering plans to entice growth by adding corporate bond purchases to its stimulus measures. The goal would be to fight deflation and a decision could come as soon as December. On Thursday, prices dropped significantly as equity markets soared on several positive economic reports. Initial Jobless Claims were slightly lower than expected and the Leading Index was slightly higher than expected. Lackluster demand for the 30-year inflation protected securities sold by the Treasury department on Thursday suggested deflation fears are still present. Treasuries rebounded slightly on Friday on news of a positive Ebola test in New York, but still ultimately ended the week much lower. Oil continued its fall, dropping another 2%. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: September Pending Home Sales (0.8% MoM, 2.5% YoY), October Dallas Fed Manf. Activity (11.0); Tuesday: September Durable Goods Orders (0.5%), October Consumer Confidence Index (87.0); Thursday: October 25 Initial Jobless Claims (281,000), 3<sup>rd</sup> Quarter Annualized GDP (3.0% QoQ), 3<sup>rd</sup> Quarter Annualized Personal Consumption (1.9%); Friday: September Personal Income (0.3%), September Personal Spending (0.1%), October F Univ. of Michigan Confidence (86.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,805.41 (2.62%)	Strong Sectors:	Health Care, Information Technology, Industrials
S&P 500:	1,964.58 (4.14%)	Weak Sectors:	Telecommunication Services, Cons Staples, Materials
S&P Midcap:	1,377.33 (4.18%)	NYSE Advance/Decline:	2,135 / 572
S&P Smallcap:	645.80 (3.40%)	NYSE New Highs/New Lows:	214/ 101
NASDAQ Comp:	4,483.72 (5.30%)	AAII Bulls/Bears:	49.7% / 22.5%
Russell 2000:	1,118.82 (3.38%)		

Last week the S&P 500 Index closed in positive territory with a 4.14% return, the best week of 2014. This came after four straight weeks of losses which included the -3.09% performance for the worst week of 2014 (Oct. 6-10). Over 120 companies in the S&P 500 Index reported earnings last week with earnings season picking up. The index closed up 0.92% on Monday with all sectors trading up and consumer staples leading the charge. Tuesday continued up and showed the best performing day of the year with a 1.96% return. All but four of the 25 companies in the index that reported earnings either Monday or Tuesday before the open beat their earnings estimate. Energy and healthcare led for the day as all sectors were in positive territory. Stocks climbed early on Wednesday, but turned the other direction to give the index its first loss in five days with a -0.72% return. Thursday returned 1.23% as US initial jobless claims of 283K marked the sixth straight week with claims below 300K and the first time since early 2006 with more than two consecutive weeks below 300K. The jobless claims number came close to the consensus estimate of 281K, though it was an increase from the previous week's 266K. September new home sales of 467K came in close to the 470K expected on Friday, but August's 504K was revised down to 466K. Friday closed up with a 0.71% return. All ten economic sectors had positive performance for the week. The health care sector was the best performing sector with a 6.57% return. The information technology and industrials sectors followed with 4.68% and 4.29% returns, respectively. The telecommunication services sector's 0.66% return was the worst performance of all the sectors and was followed by consumer staples and materials which returned 2.84% and 3.47%, respectively. **Tractor Supply Co.**, a retail farm store chain, turned in the best performance in the S&P 500 Index with a 21.83% gain. The stock jumped 15.82% on Thursday after it reported earnings that beat expectations. The next two best performers were **Edwards Lifesciences Corp.** and **Celgene Corp.** with returns of 17.94% and 17.16%, respectively. This week will bring earnings news from **Exxon Mobil Corp.**, **Berkshire Hathaway Inc.**, **Chevron Corp.**, **Facebook Inc.**, **Pfizer Inc.**, **Merck & Co. Inc.**, **Visa Inc.**, **Altria Group Inc.**, **MetLife Inc.**, **Starbucks Corp.** and many others as over 150 companies from the S&P 500 Index are expected to announce earnings.

