

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (unch.)	GNMA (30 Yr) 6% Coupon:	112-24/32 (1.34%)
6 Mo. T-Bill:	0.05 (unch.)	Duration:	3.69 years
1 Yr. T-Bill:	0.09 (unch.)	30-Year Insured Revs:	171.99% of 30 Yr. T-Bond
2 Yr. T-Note:	0.49 (+10 bps)	Bond Buyer 40 Yield:	4.37 (+01 bps)
3 Yr. T-Note:	0.92 (+10 bps)	Crude Oil Futures:	80.54 (-0.76)
5 Yr. T-Note:	1.61 (+11 bps)	Gold Futures:	1,171.6 (-59.6)
10 Yr. T-Note:	2.34 (+07 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.07 (+03 bps)	U.S. High Yield:	6.31% (+03 bps)
		BB:	4.85% (unch.)
		B:	6.41% (+02 bps)

Treasury prices declined over the course of the week, as the Bank of Japan's decision to print more money for the economy sparked a rally in global stocks. On Monday, the September Pending Home Sales report failed to meet expectations. Durable Goods Orders for September unexpectedly declined for the second straight month on Tuesday. On Thursday, the 3rd Quarter Annualized GDP beat expectations and the number of new claims for jobless benefits rose last week but remained at historical lows. Despite Consumer Confidence reaching a seven-year high, households remained cautious in spending. The September Personal Spending report detailed a decrease in spending as Personal Income rose at the slowest rate of the year. Oil prices continued to fall with concerns about ample supplies, soft demand and a stronger dollar. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: October Markit US Manufacturing PMI (56.2), October ISM Manufacturing (56.2); Tuesday: September Trade Balance (-\$40.2 B), September Factory Orders (-0.6%); Wednesday: October 31st MBA Mortgage Applications, October ADP Employment Change (220,000); Thursday: November 1 Initial Jobless Claims (285,000), 3Q Nonfarm Productivity (1.4%); Friday: October Unemployment Rate.

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17390.52 (3.48%)	Strong Sectors:	Info Tech, Financials, Health Care
S&P 500:	2018.05 (2.74%)	Weak Sectors:	Materials, Cons. Staples, Utilities
S&P Midcap:	1418.71 (3.03%)	NYSE Advance/Decline:	2,440 / 813
S&P Smallcap:	679.5 (5.24%)	NYSE New Highs/New Lows:	441 / 156
NASDAQ Comp:	4630.742 (3.3%)	AAll Bulls/Bears:	49.4% / 21.1%
Russell 2000:	1173.509 (4.9%)		

While it has been a scary month for investors, the S&P 500 closed on Halloween at an all-time high of 2018.05. October has been a volatile period for stock indexes. In the first half of the month, the S&P 500 lost more than 5% of its value, before rallying 8% in the final two weeks to return 2.44% for the month. Currently, the S&P 500 trades at 17.88 times last year's earnings with a dividend yield of 1.9%. Last week, markets were treated to better-than-expected GDP growth when it was announced that the domestic economy grew at 3.5% in the third quarter. While quantitative easing may be ending here in the States, it appears to be just beginning in Japan. On Friday markets were not expecting the Central Bank of Japan to significantly expand their own brand of quantitative easing. In response, the Nikkei 225 climbed 4.82% to close the day. In individual company news, **Citigroup** announced they would restate its most recent quarter's earnings by taking an additional \$600 million charge related to litigation expense. The company is facing a criminal probe in relation to its currency trading business. Beating sales and earnings expectations was truck engine maker, **Cummins**. The company posted sales of \$4.89 billion compared to expectations for \$4.72 billion. Shares in the company advanced 6.5% for the week. **Facebook** reported quarterly results last week. The company reported sales of \$3.2 billion representing revenue growth of more than 50% from the prior year and beating sales expectations by nearly 2.75%. However, shares fell more than 6% after the company announced costs were expected to rise significantly. Looking ahead, we work our way through the heart of earnings season. Among the many companies reporting results this week are **AIG**, **Sysco**, **Herbalife** and **Sprint**.