

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr) 6% Coupon:	113-10/32 (1.15%)
6 Mo. T-Bill:	0.08 (+01 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.14 (+02 bps)	30-Year Insured Revs:	177.8% of 30 Yr. T-Bond
2 Yr. T-Note:	0.64 (+17 bps)	Bond Buyer 40 Yield:	4.34 (-09 bps)
3 Yr. T-Note:	1.07 (+22 bps)	Crude Oil Futures:	65.66 (-0.49)
5 Yr. T-Note:	1.68 (+20 bps)	Gold Futures:	1,190.10 (+14.90)
10 Yr. T-Note:	2.31 (+14 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.97 (+08 bps)	U.S. High Yield:	6.77% (+25 bps)
		BB:	5.18% (+19 bps)
		B:	7.03% (+36 bps)

Treasury prices dropped significantly over the course of the week on economic reports and comments from the Federal Reserve. On Monday manufacturing data was slightly better than expected and much stronger in comparison to similar measures in Europe and China, causing Treasury prices to drop as investors sold. The sell-off continued on Tuesday as two Federal Reserve speakers caused investors to believe that the Fed may raise interest rates sooner than expected. Fed Vice Chair Stanley Fischer said that the Fed was closer to dropping language from its policy statement about interest rates remaining low for a "considerable time." This was compounded with New York Fed President William Dudley's comments on Monday that the Fed would be more aggressive in raising rates than it was between 2004 and 2007. Treasuries rebounded slightly on Wednesday and Thursday on a weaker than expected ADP Employment Change report despite another strong report from the Institute for Supply Management. On Friday, the Change in Nonfarm Payrolls came in much better than expected and Treasury prices dropped significantly as yields soared on expectations that the strong data would cause the Fed to raise rates sooner than expected. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: October Wholesale Inventories (0.2% MoM); Wednesday: December 5 MBA Mortgage Applications; Thursday: November Advance Retail Sales (0.4% MoM), December 6 Initial Jobless Claims (296,000); Friday: November PPI Final Demand (-0.1% MoM), December U. of Michigan Confidence (89.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,958.79 (0.78%)	Strong Sectors:	Financials, Materials, Health Care
S&P 500:	2,075.37 (0.42%)	Weak Sectors:	Telecom, Utilities, Consumer Staples
S&P Midcap:	1,444.31 (0.15%)	NYSE Advance/Decline:	1,478/ 1,786
S&P Smallcap:	682.70 (0.89%)	NYSE New Highs/New Lows:	455/326
NASDAQ Comp:	4,780.76 (-0.22%)	AAll Bulls/Bears:	42.7% / 25.9%
Russell 2000:	1,182.43 (0.81%)		

The S&P 500 posted its seventh consecutive week of gains, with the S&P 500 closing at another all-time high on Friday, as better-than-expected U.S. payroll and manufacturing data overshadowed weakness in the global economy. The November improvement in payrolls of 321,000 exceeded even the most optimistic estimates, while wages improved by the largest amount since June 2013. Unlike the U.S. where GDP growth estimates have increased, Mario Draghi lowered the euro zone's forecast for growth and warned of possible deflation. Volatility continued for energy stocks as **EOG Resources, Inc.**, regarded as a best in class unconventional E&P, recovered some of its losses after OPEC and Saudi Arabia decided to leave production unchanged last week. However, **Whiting Petroleum Corp.** continued to trade lower due to its leveraged balance sheet and lack of hedging for 2015 production. Weaker-than-expected post-Thanksgiving spending by consumers sent **Macy's** and **Amazon Inc.** shares lower for the week. Cyber Monday sales increased by only an estimated 8.5% versus over 20% last year partially due to earlier discounting by retailers. In merger news, **NextEra Energy Inc.**, North America's largest generator of renewable energy, announced the acquisition of **Hawaiian Electric Industries** to further expand its footprint. **NextEra Energy Inc.** plans to cut rates in Hawaii by 20% over the next 15 years as Hawaiian citizens pay the highest electrical rates in the nation. Looking ahead to next week, retail sales for November and Univ. of Michigan Sentiment Index will be key data points.