

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.01 (-02 bps)	GNMA (30 Yr) 6% Coupon:	112-18/32 (1.35%)
6 Mo. T-Bill:	0.05 (unch.)	Duration:	3.68 years
1 Yr. T-Bill:	0.09 (unch.)	30-Year Insured Revs:	157.6% of 30 Yr. T-Bond
2 Yr. T-Note:	0.56 (+05 bps)	Bond Buyer 40 Yield:	4.46 (+02 bps)
3 Yr. T-Note:	1.08 (+12 bps)	Crude Oil Futures:	92.13 (-1.16)
5 Yr. T-Note:	1.82 (+13 bps)	Gold Futures:	1,228.40 (-37.90)
10 Yr. T-Note:	2.61 (+15 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.35 (+12 bps)	U.S. High Yield:	6.25% (+15 bps)
		BB:	4.93% (+13 bps)
		B:	6.27% (+13 bps)

The announcement by the President that he is authorizing airstrikes in Syria and expanding efforts to fight militants in the Middle East was not enough to keep Treasury prices from dropping significantly over the course of the week on speculation that the Federal Reserve will soon begin to increase rates. Yields climbed for the last seven days ahead of next week's Fed meeting where investors expect a shift in the language from central bank officials about the timing of rate hikes and possibly announce that the key lending rates will be increased in the middle of the next year. After the President's speech on Wednesday night announcing increased military action in the Middle East, Treasury prices rose Thursday morning before ending the day slightly down, marking the only day of the week that yields did not increase multiple basis points. Other events that impacted Treasury prices included strong retail sales but poor jobs numbers along with a poll that put Scotland's pro-independence camp in the lead for the first time. Gold also dropped 3% over the week as investors looked away from safer investments. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: September Empire Manufacturing (16.00), August Industrial Production (0.3% MoM); Tuesday: August Producer Price Index Final Demand (0.0% MoM, 1.8% YoY); Wednesday: September 12 Mortgage Applications, August Consumer Price Index (0.0% MoM, 1.9% YoY); Thursday: September 13 Initial Jobless Claims (305,000), August Housing Starts (1,035,000); Friday: August Leading Index (0.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16,987.51 (-0.87%)	Strong Sectors:	Info Tech, Financials, Health Care
S&P 500:	1,985.54 (-1.10%)	Weak Sectors:	Energy, Utilities, Telecom
S&P Midcap:	1,422.06 (-1.25%)	NYSE Advance/Decline:	718/ 2,528
S&P Smallcap:	664.56 (-1.11%)	NYSE New Highs/New Lows:	219/123
NASDAQ Comp:	4,567.60 (-0.33%)	AAll Bulls/Bears:	40.4% / 26.6%
Russell 2000:	1,160.61 (-0.81%)		

The S&P 500 posted its first weekly decline in over a month as investors speculated the Fed could raise rates sooner-than-expected due to strong economic data. Consumers are feeling better about the economy as August retail sales gained the most in four months and consumer confidence increased to its highest level in more than a year. In addition to concerns of an accelerated rate increase by the Fed, geopolitical fears weighed on investors as President Obama vowed to "dismantle and ultimately destroy" Islamic State militants. The European Union also announced new sanctions against Russia for their continued support of separatists in Ukraine. In stock news, energy shares were especially weak after the International Energy Agency lowered their global demand forecast for oil. **Exxon Mobile Corp.** and **Chevron Corp.** both fell over 3% for the week. **Apple Inc.** traded higher for the week after previewing a larger iPhone, a new mobile payment application and a watch that is slated to be launched next year. The new product offerings are the largest since Tim Cook became CEO in 2011. Shares of **Palo Alto Networks Inc.** jumped after announcing a 59% year-over-year increase in sales as the cyber security market continues to grow at a rapid pace. **Boeing Co.** shares moved higher after announcing an \$11 billion order from **Ryanair Holdings PLC** for their 737 Max family of planes. In merger news, **General Mills Inc.** agreed to acquire **Annie's Inc.** for \$820 million to gain a strong foothold in the growing natural and organic foods market. The focus next week will be on the Fed's meeting on Wednesday. The Fed is widely expected to lower its monthly bond purchases to \$15 billion from \$25 billion. Investors will be keyed in on whether the Fed changes its language promising low interest rates for a "considerable time" after quantitative easing ends. Despite the fears of higher rates, equity markets remain attractive if fundamentals remain strong. Domestic equities have performed well historically when long term rates rise from a low base. If rates do rise it is most likely due to a strong economy and since rates will still be low versus a historical context it will not have the same negative headwind on the economy like if rates started at five, six or seven percent.