

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.02 (unch.)	GNMA (30 Yr) 6% Coupon:	112-21/32 (1.32%)
6 Mo. T-Bill:	0.05 (unch.)	Duration:	3.68 years
1 Yr. T-Bill:	0.09 (unch.)	30-Year Insured Revs:	163.98% of 30 Yr. T-Bond
2 Yr. T-Note:	0.51 (+02 bps)	Bond Buyer 40 Yield:	4.44 (+04 bps)
3 Yr. T-Note:	0.96 (+03 bps)	Crude Oil Futures:	93.55 (-2.41)
5 Yr. T-Note:	1.69 (+06 bps)	Gold Futures:	1,267.80 (-18.7)
10 Yr. T-Note:	2.46 (+12 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	3.22 (+14 bps)	U.S. High Yield:	6.10% (+17 bps)
		BB:	4.80% (+12 bps)
		B:	6.14% (+13 bps)

Treasuries rose last week and the yield curve steepened. At the end of August, the yield curve was the flattest it has been since 2009. Inflation concerns, which longer-term bonds are more sensitive too vs. shorter-term bonds, continue to be subdued but conjecture on when the Federal Reserve will raise interest rates has driven much of the movement in short and middle term bonds and Friday's jobs report caused many investors to favor shorter denominated bonds. The European Central Bank surprised investors last week and lowered its key lending rate to .05%. Additionally, it announced using asset purchases to expand its balance sheet, which has fallen to 2 trillion Euros. It is reacting to poor Euro Zone growth rates and low inflation. Low yielding European debt has set up favorable conditions for foreign investment in US denominated debt and as a result the dollar has strengthened vs. the Euro. Gold fell during the week as a result and strong domestic production continues to keep a lid on the price of oil. Thursday's Trade balance was better than expected at \$-40.5B as the US is importing less oil and enjoying unexpectedly productive domestic manufacturing. The week ended with Friday's disappointing change in non-farm payrolls (142K vs expected 230K) and an unemployment rate staying pat at 6.1%. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: MBA Mortgage Applications (unch.); Thursday: Initial Jobless Claims (300K, -2K); Friday: August Retail Sales (.6%, +.6%) and September University of Michigan Consumer Confidence Survey (83.5, +1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,137.36 (0.25%)	Strong Sectors:	Cons. Staples, Utilities,
S&P 500:	2,007.71 (0.24%)		Cons. Discretionary
S&P Midcap:	1,440.01 (0.15%)	Weak Sectors:	Info. Tech., Energy,
S&P Smallcap:	672.04 (0.03%)		Materials
NASDAQ Comp:	4,582.90 (0.07%)	NYSE Advance/Decline:	1,371 / 1,837
Russell 2000:	1,170.13 (-0.35%)	NYSE New Highs/New Lows:	402 / 52
		AAII Bulls/Bears:	44.7% / 24.0%

Equity markets ground slightly higher during the holiday shortened trading week. The S&P 500 was up 0.24% while the Dow Jones Industrial Average was up 0.25%. Energy producers dipped this week as the price of crude oil fell from nearly \$96 a barrel down to \$93.43 a barrel Friday. Early in the week, Ukrainian government officials warned of escalating conflicts with pro-Russia separatists in their eastern regions. However, by the end of the week Ukraine agreed to a cease-fire with the separatists which should end most of the bloodshed from the conflict. The European Central Bank announced Thursday an interest rate cut and an asset buying program designed to boost the flow of funding to the euro area. The ECB did stop short of a broad quantitative easing plan. Turning to company news, **Samsung Electronics Co.** announced a new pair of Galaxy Note smartphones in an effort to grow market share in the large-screen smartphone space. Conversely, **Apple Inc.** saw its shares sink -3.4% this week as Samsung's new product announcement raised competition concerns and a potential security issue on their iCloud account service made news headlines. Good news maybe on the horizon for Apple as they have an event scheduled for Tuesday of next week where they are expected to unveil a new iPhone. **Home Depot Inc.** sank this week on news that the home-improvement retailer is investigating a breach of security by an internet hacker. **Joy Global Inc.** dropped over 4% this week as the mining equipment company announced earnings below EPS estimates and guiding future EPS lower. **Toil Brothers Inc.** sank 5% this week as the luxury home builder is seeing disappointing order growth amid higher labor costs. First Trust still remains favorable on equity markets as economic data, corporate profits and an accommodative Fed should continue to provide further upside in equities.