

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.00 (unch.)	GNMA (30 Yr) 6% Coupon:	112-28/32 (1.87%)
6 Mo. T-Bill:	0.07 (unch.)	Duration:	3.84 years
1 Yr. T-Bill:	0.21 (-04 bps)	Bond Buyer 40 Yield:	4.34 (-0.04)
2 Yr. T-Note:	0.61 (-03 bps)	Crude Oil Futures:	47.23 (-2.40)
3 Yr. T-Note:	0.91 (-04 bps)	Gold Futures:	1179.90 (+23.60)
5 Yr. T-Note:	1.35 (-05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.03 (-06 bps)	U.S. High Yield:	
30 Yr. T-Bond:	2.88 (-04 bps)	BB:	5.80% (-02 bps)
		B:	7.99% (unch.)

Treasury prices rose slightly over the course of the week on China economic fears and increasing sentiment that the Federal Reserve will not increase interest rates this year. China announced fresh stimulus measures on Monday but the Treasury markets were closed for the Columbus Day holiday. By the time these markets opened on Tuesday, poor economic data from China and conflicting comments from voting Fed members on interest rate hikes caused investors to seek the safety of Treasuries and prices rose. On Wednesday, the likelihood of an increase in interest rates declined as U.S. retail sales and wholesale prices were lower than expected and the Fed's Beige Book showed some slowing in the economy. The risk-off sentiment of Wednesday pushed Treasury prices even higher. Treasury prices pulled back slightly on Thursday and Friday on more mixed comments from Fed members and in line economic data that was already priced in. Oil dropped 5% on Monday on reports that OPEC had boosted oil production. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: September Housing Starts (1,146,000); Wednesday: October 16 MBA Mortgage Applications; Thursday: September Chicago Fed Nat Activity Index (-0.20), October 17 Initial Jobless Claims (265,000), September Existing Home Sales (5.37M), September Leading Index (0.0%); Friday: October P Markit US Manufacturing PMI (53.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	17,215.97(0.77%)	Strong Sectors:	Utilities, Health Care,
S&P 500:	2,033.11 (0.93%)		Telecom
S&P Midcap:	1,434.35 (-0.54%)	Weak Sectors:	Industrials, Info Tech.,
S&P Smallcap:	685.92 (-0.25%)		Materials
NASDAQ Comp:	4,886.69 (1.17%)	NYSE Advance/Decline:	1,753 / 1,477
Russell 2000:	1,162.31 (-0.24%)	NYSE New Highs/New Lows:	131 / 74
		AAll Bulls/Bears:	34.1% / 38.8%

Equity returns were mostly positive this week as the S&P 500 closed up 0.9%. Along with the equity uptrend, the S&P 500 Volatility Index (commonly known as VIX) closed the week near 15, the lowest mark since mid-August. Volatility has been fading since the index closed above 40 on August 24th. Chinese equities held a fierce rally this week as the Shanghai Composite Index up over 6.5%, and the Shenzhen Composite soared over 8.5%, both multi-month highs. Much of the rally was due to speculation that the Chinese government will accelerate SOE (state-owned enterprise) measures to boost growth. Chinese market stability helped to buoy emerging markets as a whole, the MSCI Emerging Markets Index was up 0.7% this week. In company related news, **Anheuser-Busch InBev SA**, decided to increase their bid for **SABMiller PLC**. to \$104b as the two sides have now agreed on a price and are awaiting anti-trust and shareholder votes. U.S. corporate earnings season continued this week as many large U.S. banks announced their quarterly financials. **JPMorgan Chase & Co.** announced earnings per share of \$1.29 versus analyst expectations \$1.38. The earnings and revenue miss was attributed to subdued international and mortgage banking revenue, this sent the stock down over 2.5%. **Wells Fargo & Co.** announced earnings and revenue that were in line with analyst expectations as the integration of their loan purchase from **General Electric Co.** is nearing completion and they announced they would buy the last of GE's commercial lending business. **Bank of America Corp.** announced earnings and revenues higher than analyst expectations which sent the bank up nearly 3.5% this week. The bank credited the positive financials to lower than expected litigation expenses and higher loan growth. This week, earnings season will continue as tech giants **Google Inc.**, **Microsoft Corp.**, **Amazon.com Inc.**, along with telecom behemoths **AT&T Inc.**, **Verizon Communications Inc.**, and blue chips **The Proctor & Gamble Co.**, **The Coca-Cola Co.**, **The Boeing Co.**, and **3M Co.** all expected to report.