

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.28 (-05 bps)	GNMA (30 Yr) 6% Coupon:	115-04/32 (0.49%)
6 Mo. T-Bill:	0.48 (+02 bps)	Duration:	3.98 years
1 Yr. T-Bill:	0.64 (unch.)	Bond Buyer 40 Yield:	3.96 (+02)
2 Yr. T-Note:	0.85 (+03 bps)	Crude Oil Futures:	48.69 (-2.16)
3 Yr. T-Note:	1.01 (+03 bps)	Gold Spot:	1,276.13 (+9.67)
5 Yr. T-Note:	1.33 (+08 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.85 (+11 bps)	U.S. High Yield:	6.49% (+13 bps)
30 Yr. T-Bond:	2.62 (+13 bps)	BB:	4.83% (+08 bps)
		B:	6.58% (+19 bps)

Treasury prices dropped over the course of the week on economic news and increased expectations of hawkish policies from the Federal Reserve and other Central Banks around the world. On Monday, Treasury prices fell modestly as the Markit US Manufacturing PMI was stronger than expected and there was significant M&A activity in the equity markets. After little movement on Tuesday, Treasury prices fell again on Wednesday as expectations for a rate hike before the end of the year moved higher. On Thursday, the Bank of Japan governor said they would like a steeper yield curve which, along with a stronger GDP reading in the U.K., caused Treasuries to drop further as investors believed that monetary policy around the world will be tightened. On Friday, Treasuries rebounded slightly as the FBI reopened the investigation on presidential candidate Hillary Clinton. Oil ended the week down 4% and the market implied expectation of a rate hike in December ended at 69.9%. Major economic reports (and related consensus forecasts) for the upcoming week include: Monday: September Personal Income (0.4%), September Personal Spending (0.5%), October Chicago Purchasing Manager (54.0); Tuesday: October Final Markit US Manufacturing PMI (53.2), October ISM Manufacturing (51.7); Wednesday: October 28 MBA Mortgage Applications, October ADP Employment Change (165,000), FMOE Rate Decision (0.50% Upper Bound); October 29 Initial Jobless Claims (256,000), September Factory Orders (0.2%), September Final Durable Goods Orders; Friday: September Trade Balance (-\$39.0B), October Change in Nonfarm Payrolls (175,000), October Unemployment Rate (4.9%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	18,161.19 (0.09%)	Strong Sectors:	Consumer Staples, Utilities
S&P 500:	2,126.41 (-0.67%)		Financials
S&P Midcap:	1,499.71 (-1.74%)	Weak Sectors:	REITs, Health Care,
S&P Smallcap:	718.63 (-2.06%)		Consumer Discretionary
NASDAQ Comp:	5,190.10 (-1.27%)	NYSE Advance/Decline:	887 / 2,252
Russell 2000:	1,187.61 (-2.49%)	NYSE New Highs/New Lows:	226 / 128
		AAII Bulls/Bears:	24.8% / 34.1%

Equities traded lower during the month as the S&P 500 was down -1.81% with one more day to go in October. The index posted a -0.68% return for the week and has gained 5.88% YTD. After opening higher on Monday, the index slowly faded each day into the close on Friday. As a result of the selloff in global bonds, the dollar rose to a seven-month high on Thursday before selling off on Friday. OPEC discussed production targets, sending oil lower after topping out at \$51.60 last week. M&A deals came in a big way this week. British American Tobacco proposed a deal to buy the remaining interest of Reynolds American that it did not already own. This deal would give British American Tobacco the largest share of the e-cigarette market in the US. Time Warner is the target of a proposed deal from AT&T. Concerns loom from US regulators that the deal would result in antitrust issues for AT&T. Qualcomm Inc announced the acquisition of NXP Semiconductors for \$110 per share or over 10% premium based on Friday's close. Tech giants Apple and Alphabet Inc. reported earnings this week. Apple's results were in line with expectations, but the speculated boost from Samsung's battery scandal did not help iPhone sales as much as analysts had expected. Alphabet reported earnings on Thursday that were lower than expectations, but positive revenue outlooks for video, mobile, and cloud computing moved the stock higher on Friday. **Akami Technologies Inc.**, a cloud services company, turned in the best performance in the S&P 500 Index with a 21.22% gain. The company moved higher after reporting higher profit and sales than analyst expectations. The next two best performers were **Level 3 Communications** and **F5 Networks** with returns of 14.66% and 14.05%, respectively.

