US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.26 (+04 bps)	GNMA (30 Yr) 6% Coupon:	112-05/32 (2.26%)
6 Mo. T-Bill:	1.41 (+05 bps)	Duration:	3.99 years
1 Yr. T-Bill:	1.58 (+05 bps)	Bond Buyer 40 Yield:	3.94 (+03 bps)
2 Yr. T-Note:	1.72 (+07 bps)	Crude Oil Futures:	56.55 (-0.19)
3 Yr. T-Note:	1.82 (+04 bps)	Gold Spot:	1,292.42 (+17.35)
5 Yr. T-Note:	2.06 (+01 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.34 (-06 bps)	U.S. High Yield:	6.21 (unch)
30 Yr. T-Bond:	2.78 (-10 bps)	BB:	4.69 (unch)
		B:	6.29 (unch)

The yield curve flattened last week with both the short end rising and the long end falling. The spread between the 2-yr and 10-yr Treasury note yields plunged to 62 basis points, the narrowest in ten years. Solid economic releases including housing starts, industrial production, and CPI data pushed the Bloomberg implied probability of a December rate hike to 97%. Core CPI rose 1.8% versus the consensus of 1.7%, moving closer to the Feds preferred 2% annual rate. The 2-yr Treasury yield has ticked up over 50bps this year and reached a new high last week not seen since October 2008. Investors bought the long end of the curve sending yields lower as expectations of higher inflation abated as oil prices dropped due to rising US inventories. Longer-dated Treasuries also benefited from a selloff in riskier assets, namely high-yield corporate bonds and equities. Major economic reports (related consensus forecasts; prior data) for the upcoming holiday-shortened week include Monday: October Conference Board Leading Index (0.6%, -0.2%); Tuesday: October Existing Home Sales (5.40m, 5.39m), October Chicago Fed National Activity Index (0.20, 0.17); Wednesday: Nov 18 Initial Jobless Claims (240k, 249k), November Final University of Michigan Sentiment (98.0, 97.8), Durable Goods Orders (0.3%, 2.0%); Friday: Markit US Manufacturing PMI November (55.0, 54.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	23,358.24 (-0.19%)	Strong Sectors:	Cons. Discretionary, Cons. Staples
S&P 500:	2,578.85 (-0.06%)		Telecom.
S&P Midcap:	1,840.74 (0.88%)	Weak Sectors:	Info Tech, Industrials,
S&P Smallcap:	908.91 (1.73%)		Energy
NASDAQ Comp:	6,782.79 (0.54%)	NYSE Advance/Decline:	1,640 / 1,433
Russell 2000:	1,492.82 (1.23%)	NYSE New Highs/New Lows:	289 / 242
		AAII Bulls/Bears:	29.3% / 35.2%

The S&P 500 had a -0.2% return last week. The index was also down the prior week, marking the first time since May that the index had closed down two weeks in a row. **General Electric** started the week on a sour note, as they announced a 50% dividend cut, from $0.24 per share per quarter down to $0.12. The mega-cap industrial conglomerate has had a poor year, posting -40.8% return as slowing revenue growth and compressing profit margins have taken their toll. However, the company has a new management team in place and has announced their plan for the future. The company has been in the Dow Jones Industrial Average continuously since 1907, the longest run of the 30 names in the index. There was a string of positive brick and mortar retailer news last week which helped boost one of the hardest hit groups of equities this year. **Wal-Mart** was up over 7.2% last week after they announced their highest revenue growth in years, mostly due the scalability of their e-commerce business. **The Gap Inc.** was up nearly 8% last week after they announced strength in their Old Navy stores and some restructuring steps, including store closings. **Foot Locker Inc.** beat revenue and earnings estimates, and announced meaningful foot traffic growth which led to the shoe retailer being the top performing stock in the S&P 500 with a 34.5% return last week. **Ross Stores Inc.** was up nearly 10% last week, as the discount store continued to attract customers which pushed them to increase full year guidance. Overall, while traditional retail has struggled year to date, there is optimism for the Christmas shopping season. Looking ahead, corporate profits will likely have to keep pace with lofty expectations to sustain current and future gains. At the moment, analysts expect the S&P 500 earnings to grow by 17.41% over the next 12 months.