US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	2.345 (3.1 bps)	GNMA (30 Yr) 6% Coupon:	105-13/32 (4.35%)
6 Mo. T-Bill:	2.514 (2.3 bps)	Duration:	4.16 years
1 Yr. T-Bill:	2.725 (5.0 bps)	Bond Buyer 40 Yield:	4.29 (-4.0 bps)
2 Yr. T-Note:	2.924 (2.1 bps)	Crude Oil Futures:	60.19 (-2.95)
3 Yr. T-Note:	2.993 (2.3 bps)	Gold Spot:	1,209.65 (-23.24)
5 Yr. T-Note:	3.035 (0.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	3.182 (-3.0 bps)	U.S. High Yield:	6.99 (unch.)
30 Yr. T-Bond:	3.384 (-7.0 bps)	BB:	5.66 (-5 bps)
		B:	7.33 (3 bps)

The Federal Open Market Committee left rates unchanged last week, as expected, saying in its statement "that the labor market has continued to strengthen and that economic activity has been rising at a strong rate." Household spending increases have also been strong recently, according to the Fed, while business fixed investment has slowed from its robust pace in the first half of 2018. The yield on the U.S. 10-year Treasury hit a 7-year high on Thursday following the statement, while the Fed is still widely expected to raise rates for the fourth time this year at its December meeting. U.S. government bond prices were little changed after a volatile session on Wednesday following the midterm elections that went as expected. Meanwhile, demand for the Treasury's auction of 30-year bonds on Wednesday was the weakest for a 30-year bond auction since February 2009, measured by the number of bids relative to the amount debt sold, or the bid-to-cover ratio. The weak demand was partially attributed to the increasing supply of debt brought on by the expanding budget deficit and the Fed's reduction of its balance sheet, as it allows $30 billion in Treasurys to mature each month without being reinvested. The Producer Price Index rose 0.6% in October over the prior month, easily topping the 0.2% expected increase. The month-over-month increase was the largest since September 2012. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: October CPI MoM (0.3%, 0.1%), November 9 MBA Mortgage Applications (N/A, -4.0%); Thursday: November 10 Initial Jobless Claims (214k, 214k), October Retail Sales Advance MoM (0.5%, 0.1%), November Empire Manufacturing (20.0, 21.1); Friday: October Industrial Production MoM (0.2%, 0.3%).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	25,989.30	(3.00%)	Strong Sectors:	Health Care, Real Estate, Utilities
S&P 500:	2,781.01	(2.21%)		
S&P Midcap:	1,882.54	(1.13%)	Weak Sectors:	Communication Services, Energy, Information Technology
S&P Smallcap:	972.65	(-0.05%)		
NASDAQ Comp:	7,406.90	(0.74%)	NYSE Advance/Decline:	960 / 2,009
Russell 2000:	1,549.49	(0.12%)	NYSE New Highs/New Lows:	60 / 109
			AAII Bulls/Bears:	41.3% / 31.2%

Stocks, measured by the S&P 500, moved higher through the Tuesday midterm elections and trailed off Thursday and Friday to close out the week 2.2% higher. Oil fell into bear market territory after closing out the week at just over $60 a barrel after hitting $76 earlier this month. Oil production is at a record and OPEC output is at the highest level since 2016. Technology shares were the main drag on the major indexes. At the end of the week, **Skyworks** plunged after its results signaled a slowdown in smartphone demand echoing **Apple's** results in the prior week. An economic slowdown is on the mind of investors as some see the cycle peaking. China is also on investor's radar after softer economic data is helping to raise concerns about the vitality of the world's second biggest economy. Global growth anxiety could also be felt in gold after the metal fell to just over $1,200 an ounce, its lowest point in a month. Gold prices have also been keying off the Federal Reserve's decision to keep rates unchanged this month and the signs are still pointing to a December rate increase. In the S&P 500, one of the top performing stocks, **Mosaic** posted a third quarter profit that pointed to stronger global demand for its fertilizers. The company stated that "momentum is continuing" across its business units and a key boost to revenue were Brazil's farmers who are looking to increase yields. Looking ahead to next week, CPI and retail sales will be in investor's playbooks.