

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.130 (3.6 bps)	GNMA (30 Yr) 6% Coupon:	106-06/32 (4.10%)
6 Mo. T-Bill:	2.299 (3.9 bps)	Duration:	4.03 years
1 Yr. T-Bill:	2.507 (6.0 bps)	Bond Buyer 40 Yield:	4.06 (4 bps)
2 Yr. T-Note:	2.703 (7.6 bps)	Crude Oil Futures:	67.75 (-2.05)
3 Yr. T-Note:	2.772 (8.1 bps)	Gold Spot:	1,196.93 (-4.22)
5 Yr. T-Note:	2.821 (8.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.939 (7.8 bps)	U.S. High Yield:	6.60 (6 bps)
30 Yr. T-Bond:	3.101 (8.2 bps)	BB:	5.36 (4 bps)
		B:	6.88 (6 bps)

U.S. Treasury note yields rose early in the week as U.S. investors returned from Labor Day weekend to the ISM Manufacturing Index hitting a 14-year high of 61.3, easily beating the consensus estimate of 57.6. The strong data suggests that despite trade fears, U.S. industry remains strong. U.S. Treasury note yields pulled back on Thursday as investors saw private sector payrolls come in lower than expected with August ADP Employment Change at 163,000. Despite the weaker-than-expected private sector payrolls, initial jobless claims hit a 49-year low of 203,000, while productivity remained unchanged. U.S. Treasury note yields rebounded early Friday as economic data poured in. Nonfarm payrolls rose 201,000 in August, beating the consensus estimate by more than 10,000. Unemployment remained unchanged at 3.9%, but investors were encouraged by average hourly earnings increasing 0.4%. The increase in worker's wages pushed the yearly growth rate to 2.9%, the fastest wage growth since 2009. Gains in U.S. Treasury note yields largely held Friday afternoon as investors digested President Trump threatening more tariffs on goods imported from China. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: July Final Markit Wholesale Inventories MoM (0.7%, 0.7%); Wednesday: September 7 MBA Mortgage Applications (N/A, -0.1%), August PPI Final Demand MoM (0.2%, 0.0%); Thursday: August CPI MoM (0.3%, 0.2%), August CPI YoY (2.8%, 2.9%), September 8 Initial Jobless Claims (210k, 203k); Friday: August Retail Sales Advance MoM (0.5%, 0.5%), August Industrial Production MoM (0.3%, 0.1%), September Preliminary U. of Michigan Sentiment (96.7, 96.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,916.54 (-0.14%)	Strong Sectors:	Utilities, Consumer Staples, Industrials
S&P 500:	2,871.68 (-0.98%)	Weak Sectors:	Info Tech, Energy, Real Estate
S&P Midcap:	2,027.25 (-0.83%)	NYSE Advance/Decline:	877 / 2,181
S&P Smallcap:	1,081.15 (-1.55%)	NYSE New Highs/New Lows:	229 / 231
NASDAQ Comp:	7,902.54 (-2.53%)	AAll Bulls/Bears:	42.2% / 26.3%
Russell 2000:	1,713.18 (-1.57%)		

Stocks lost ground for the week, ending a three-week stretch of weekly gains, as technology stocks and trade fears drove markets lower. Internet stocks were especially weak within information technology on concern of tougher regulation, after **Facebook Inc.** and **Twitter Inc.** executives testified before Congress about their handling of election interference by Russia. Trade fears also continued to weigh on the market as a trade deal with Canada has yet to be resolved and businesses made a last-ditch effort to persuade President Trump to change course on a plan to enact tariffs on \$200 billion of Chinese imports. Instead, the trade war with China intensified on Friday as President Trump told reporters he has identified an additional \$267 billion in goods to be targeted by a potential new round of tariff measures. In economic news, nonfarm payrolls added 201K jobs in August and wages unexpectedly grew by 2.9%, the largest gain since 2009. In stock-specific news, shares of **Tesla Inc.** plummeted after news that Elon Musk smoked marijuana during a live-stream interview and two executives were leaving the company. **Nike Inc.** also sold-off after unveiling a controversial ad campaign with former NFL quarterback Colin Kaepernick. By contrast, shares of **Lululemon Athletica** surged following a strong quarterly announcement with comparable-store sales jumping 20%, driven by e-commerce sales. **Cloudera, Inc.**, a pure-play on big data and machine learning, soared over 20% on strong quarterly results due to better-than-expected billings growth, a 33% jump in average selling price and higher guidance for the fiscal year. Looking ahead, investors will remain focused on any new trade deal developments with China and Canada. Additionally, August's Produce Price Index reading will be watched attentively for signs of pipeline inflation pressure after Friday's strong wage growth report increased the likelihood of more rates hikes.

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