

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.514 (-14.8 bps)	GNMA (30 Yr) 6% Coupon:	110-23/32 (2.65%)
6 Mo. T-Bill:	1.531 (-11.6 bps)	Duration:	3.78 years
1 Yr. T-Bill:	1.518 (-6.8 bps)	Bond Buyer 40 Yield:	3.61 (-1 bps)
2 Yr. T-Note:	1.552 (-6.6 bps)	Crude Oil Futures:	56.20 (-0.46)
3 Yr. T-Note:	1.544 (-7.0 bps)	Gold Spot:	1,514.34 (+9.71)
5 Yr. T-Note:	1.542 (-7.7 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.710 (-8.4 bps)	U.S. High Yield:	6.37 (9 bps)
30 Yr. T-Bond:	2.190 (-9.7 bps)	BB:	4.62 (7 bps)
		B:	6.69 (12 bps)

United States Treasury yields dropped across the curve as investors took in a plethora of economic data throughout the week. On Wednesday, third quarter real GDP came in at an annual growth rate of 1.9%, beating the consensus expected rate of 1.6%. Consumer spending was the largest positive contributor to growth for the quarter, indicating the continued confidence and purchasing power of the U.S. consumer. Also, on Wednesday, the Federal Reserve cut short-term interest rates by 25 basis points, moving the fed funds rate to the range of 1.50%-1.75%, which was largely expected. More importantly, Federal Reserve Chairman Powell signaled a pause in further rate cuts unless there are material changes in the economic outlook. The week wrapped up with manufacturing and jobs data on Friday. The ISM Manufacturing Index, which is a survey, rose to 48.3 in October, though 0.6 lower than expectations. The data indicated manufacturing activity continued to slow in October, as levels above 50 signals expansion while levels below 50 indicate contraction. October manufacturing data was largely impacted by the GM strike. The strike resulted in 46,000 employees out of work for the month. Friday's jobs report reaffirmed the strength of the U.S. labor market. Nonfarm payrolls rose 128,000 in October, well above the consensus expectation of 85,000. With August and September revisions, nonfarm payrolls were up 223,000. The Unemployment rate rose to 3.6% in October, 0.1% higher than September levels. Labor force participation rose to 63.3%, the highest level since 2013. Average hourly earnings rose 0.2% in the month and are up 3.0% year-over-year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: September Final Durable Goods Orders (-1.1%, -1.1%), September Factory Orders (-0.5%, -0.1%); Tuesday: September Trade Balance (-\$52.5b, -\$54.9b), October Final Markit US Services PMI (51.1, 51.0), October Final Market US Composite PMI (n/a, 51.2), October ISM Non-Manufacturing Index (53.4, 52.6); Wednesday: November 1 MBA Mortgage Applications (n/a, 0.6%); Thursday: November 2 Initial Jobless Claims (215k, 218k), October 26 Continuing Claims (1660k, 1690k); Friday: September Final Wholesale Inventories MoM (-0.3%, -0.3%), November Preliminary University of Michigan Sentiment (95.5, 95.5).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	27,347.36 (+1.44%)	Strong Sectors:	Health Care, Info Tech, Industrials
S&P 500:	3,066.91 (+1.49%)	Weak Sectors:	Real Estate, Energy, Utilities
S&P Midcap:	1,983.50 (+1.28%)	NYSE Advance/Decline:	1,647 / 1,272
S&P Smallcap:	980.42 (+1.29%)	NYSE New Highs/New Lows:	118 / 130
NASDAQ Comp:	8,386.40 (+1.75%)	AAll Bulls/Bears:	34.0% / 28.4%
Russell 2000:	1,589.33 (+1.99%)		

U.S. stocks moved higher for the week amid solid economic data, improving trade sentiment and upbeat earnings reports. Positive macro releases include a strong jobs report that added 128,000 jobs in October and 3Q GDP growth of 1.9%, above the 1.6% estimate by economists. By contrast, the ISM manufacturing index came in below expectations at 48.3. Readings above 50 signal an expansion in manufacturing activity, while readings below 50 signal contraction. This was the third consecutive month with a reading below 50, increasing concern of an economic slowdown in manufacturing. Turning to earnings, **Apple Inc.** climbed to new highs after reporting strong iPhone revenues, robust growth for AirPods and 18% growth in service revenue. Shares of **Facebook Inc.** jumped after announcing a beat on the top-line, lower expenses and robust active user growth. **Royal Caribbean Cruises Ltd.** missed estimates on a worse-than-expected impact from Hurricane Dorian, although booking trends and onboard spending remain positive. **Grubhub Inc.** shares tumbled after missing on both the top and bottom lines due to intensifying competition in mature markets and less accretive agreements with chain restaurants. With many large-cap stocks reporting results, earnings season has provided a catalyst for stocks as expectations were dire coming into the quarter. Looking ahead, investors will remain focused on changes in economic activity, geopolitical risk, Fed moves and trade negotiations. If corporate fundamentals continue to show signs of strength, equity markets could continue to climb the wall of worry and post new highs.

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