

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.779 (-11.8 bps)	GNMA (30 Yr) 6% Coupon:	110-30/32 (2.58%)
6 Mo. T-Bill:	1.828 (-7.0 bps)	Duration:	3.77 years
1 Yr. T-Bill:	1.752 (-6.6 bps)	Bond Buyer 40 Yield:	3.59 (-03 bps)
2 Yr. T-Note:	1.632 (-5.1 bps)	Crude Oil Futures:	55.91 (-2.18)
3 Yr. T-Note:	1.573 (-4.3 bps)	Gold Spot:	1,497.01 (-19.89)
5 Yr. T-Note:	1.562 (-3.8 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.680 (-4.1 bps)	U.S. High Yield:	6.31 (08 bps)
30 Yr. T-Bond:	2.129 (-3.3 bps)	BB:	4.65 (04 bps)
		B:	6.75 (12 bps)

Treasury prices rose over the course of the week on an impeachment inquiry of President Trump, economic data and trade war news. On Monday and Tuesday, the Eurozone manufacturing purchasing managers index fell to its lowest level in 83 months while U.S. consumer confidence slipped, causing investors to seek the perceived safety of Treasuries. After Speaker of the House Nancy Pelosi announced she would support an impeachment inquiry against President Trump late Tuesday, investors continued to buy bonds. However, Treasury prices dropped on Wednesday as President Trump suggested that a trade deal could be closer than expected with reports that Chinese firms have increased U.S. soybean and pork purchases. Treasury prices rose slightly on Thursday as the whistleblower report, which has led to the impeachment support, was released to congress. However, optimism for a trade deal dropped on Friday as it was reported that the White House was considering limiting American portfolio flows into China, possibly escalating the trade war and pushing investors back into Treasuries. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: September MNI Chicago PMI (50.0, 50.4); Tuesday: September Final Markit US Manufacturing PMI (51.0, 51.0), September ISM Manufacturing (50.2, 49.1), August Construction Spending (0.4%, 0.1%); Wednesday: September 27 MBA Mortgage Applications; Thursday: September 28 Initial Jobless Claims (215k, 213k), August Factory Orders (-0.5%, 1.4%), August Final Durable Goods Orders (n/a, 0.2%); Friday: September Change in Nonfarm Payrolls (145k, 130k), September Unemployment Rate (3.7%, 3.7%), August Trade Balance (-\$54.5b, -\$54.0b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,820.25 (-0.43%)	Strong Sectors:	Consumer Staples, Utilities, Real Estate
S&P 500:	2,961.79 (-0.98%)	Weak Sectors:	Health Care, Energy, Communication Services
S&P Midcap:	1,922.74 (-1.07%)	NYSE Advance/Decline:	1,315 / 1,733
S&P Smallcap:	946.31 (-1.57%)	NYSE New Highs/New Lows:	294 / 69
NASDAQ Comp:	7,939.63 (-2.18%)	AAII Bulls/Bears:	29.4% / 33.3%
Russell 2000:	1,520.48 (-2.45%)		

Political headlines drove daily moves in stocks again last week. Trade and impeachment traded top billing, as the S&P closed out the week down almost 1%. Coming off a steady second quarter of earnings, investors are hoping companies continue on the growth path while analysts are more cautious with their expectations. Last week **FedEx Corp** cut its profit outlook due to "increasing trade tensions and policy uncertainty." The feeling across the largest companies was echoed in various sectors including **Adobe Inc.** and **U.S. Steel Corp.** On the back of the cautious outlook for profits is the potential of a fourth quarter trade deal with China. A deal by the end of the year could cause the impacted companies to raise guidance for 2020. A potential \$200 billion dollar mega deal involving tobacco giants **Altria** and **Philip Morris** dissolved last week. Shareholders weren't as warm to the deal as Wall Street, but that changed after regulatory scrutiny came into focus and health concerns about vaping started to pop up in the headlines. Altria has a 35% stake in Juul Labs, one of the leaders in the vaping or e-cigarette industry. Philip Morris traded higher to be one of the best performers in the S&P 500, while Altria was in line with the index. Looking ahead to next week, President Donald Trump will continue to keep the focus on his administration's handling of various issues including impeachment. Investors will be leaning on any news coming out of Washington and how it will affect the stability of the financial markets. On the economic front, the ISM will be releasing multiple economic indicators as well as the release of mortgage applications and the jobs number.

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