

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.086 (unch)	GNMA (30 Yr) 6% Coupon:	109-18/32 (3.05%)
6 Mo. T-Bill:	0.091 (-0.5 bps)	Duration:	3.66 years
1 Yr. T-Bill:	0.117 (unch)	Bond Buyer 40 Yield:	3.57 (-5 bps)
2 Yr. T-Note:	0.153 (unch.)	Crude Oil Futures:	37.14 (1.35)
3 Yr. T-Note:	0.197 (unch.)	Gold Spot:	1,951.35 (72.54)
5 Yr. T-Note:	0.361 (-2.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.818 (-5.5 bps)	U.S. High Yield:	5.66 (-43 bps)
30 Yr. T-Bond:	1.600 (-6.0 bps)	BB:	4.24 (-40 bps)
		B:	6.02 (-42 bps)

Treasury yields were broadly lower, and prices up, last week as the market digested election results indicating a divided government. A Republican senate is expected to reduce the odds of a large fiscal stimulus spend which kept Treasury prices up. Growth equities and government bonds performed well with markets expecting monetary policy will be forced to carry the stimulus load. A continuation of the duration trade resulted. Last Monday the ISM Manufacturing Index indicated a strengthening manufacturing sector as it recorded a reading of 59.3 which was well ahead of consensus expectations. Wednesday's Non-Manufacturing ISM disappointed, however, as it declined to 56.6, below expectations, but still above 50 – indicating expansion. On Thursday, Nonfarm Productivity was recorded increasing at a 4.9% annualized rate for the third quarter but lagging expectations. Interestingly, real (inflation-adjusted) compensation per hour in the nonfarm sector declined at a 9.1% annual rate in Q3 but was still up 5.3% versus a year ago. Also on Thursday, Jerome Powell discussed the risk that the pandemic still poses to the economy and indicated that it was most concerned about rising infection rates and resulting shutdowns as well as declining savings as the previous fiscal stimulus has come off. Friday's nonfarm payroll data indicated a rise well ahead of expectations. The unemployment rate was down a full percent versus the prior month. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: November 6 MBA Mortgage Applications (n/a, 3.8%); Thursday: October CPI (0.2%, unch.) and November 7 initial jobless claims (730K, 751K); Friday: October PPI Final Demand (0.2%, 0.4%) and November preliminary University of Michigan Consumer Sentiment Index (82.0, 81.80).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,323.40 (6.89%)	Strong Sectors:	Information Technology, Health Care, Materials
S&P 500:	3,509.44 (7.36%)	Weak Sectors:	Energy, Utilities, Real Estate
S&P Midcap:	2,026.95 (6.69%)	NYSE Advance/Decline:	2,605 / 548
S&P Smallcap:	925.22 (5.58%)	NYSE New Highs/New Lows:	258 / 89
NASDAQ Comp:	11,895.23 (9.05%)	AAII Bulls/Bears:	38.0% / 31.5%
Russell 2000:	1,644.16 (6.89%)		

Last week the S&P 500 Index had its best performance since early April returning 7.36%, as it rallied back from the previous week's loss and worst performance since late March. The week started with much uncertainty for investors with the US presidential election on Tuesday and third quarter earnings announcements for several companies expected to be released during the week. Though the next US President had yet to be determined, equities pushed higher throughout the week as the increased possibility of policy gridlock with the House and Senate remaining split between the two parties became more apparent to investors. Positive economic news this week included the ISM Manufacturing Index reporting its highest value since September 2018 and the continuation of the declining unemployment rate which currently stands at 6.9%. U.S. initial jobless claims of 751K were higher than the consensus estimate of 735K, but similar to the previous week's claims. Crude oil closed at \$37.14 per barrel on Friday climbing 3.77% for the week. All sectors were positive last week with the top sector being information technology. Technology company **Arista Networks Inc.** returned 25.90% last week. The stock jumped on Tuesday after a positive earnings announcement, beating expectations. Other outperforming technology companies included semiconductor stocks **Lam Research Corp**, **Microchip Technology Inc.**, **Applied Materials Inc.**, **QUALCOMM Inc.**, **KLA Corp**, and **NVIDIA Corp**. Biotechnology company **Biogen Inc.** posted the best performance in the index last week, returning 30.48%. The stock jumped Wednesday on the expectation the FDA advisory committee would recommend approval of its Alzheimer's drug. On Friday, however, trading was halted premarket on reports the committee had voted against recommending approval. The stock is expected to decline Monday morning when trading resumes. Earnings announcements expected this week include **The Walt Disney Company**, **McDonald's Corp**, **Cisco Systems Inc.**, **Applied Materials Inc.**, and many others.

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