

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.046 (1.5 bps)	GNMA (30 Yr) 6% Coupon:	109-14/32 (3.46%)
6 Mo. T-Bill:	0.056 (1.3 bps)	Duration:	4.02 years
1 Yr. T-Bill:	0.089 (1.5 bps)	Bond Buyer 40 Yield:	3.49 (1 bps)
2 Yr. T-Note:	0.318 (5.4 bps)	Crude Oil Futures:	79.35 (+3.47)
3 Yr. T-Note:	0.580 (9.5 bps)	Gold Spot:	1,757.13 (-3.85)
5 Yr. T-Note:	1.060 (13.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.612 (15.0 bps)	U.S. High Yield:	4.76 (6 bps)
30 Yr. T-Bond:	2.164 (13.5 bps)	BB:	3.77 (8 bps)
		B:	5.27 (6 bps)

Treasury yields rose significantly over the course of the week on growing concern for inflation, a debt ceiling resolution and disappointing job data. Early in the week a rise in oil prices added to the fears of inflation, especially as energy prices in the United Kingdom rose significantly over supply chain disruptions. It is viewed as an indicator for higher yields when energy prices rise as it erodes the fixed value of a bond. Oil rose 5% over the course of the week and finished at its highest price since November of 2014. On Thursday, yields climbed significantly as lawmakers in Washington reached an agreement to extend the debt ceiling through early December and avert a government default. The equity markets rallied Thursday for the news as investors took a more risk-on approach and reduced the demand for Treasuries. Yields continue to rise slightly on Friday, despite only 194k new jobs being created compared to expert consensus expectations of 500k. The unemployment rate dropped to 4.8% from 5.2% but the labor force participation rate dropped to 61.6% from 61.7%. The week jobs report has led investors to believe it is less likely the Federal Reserve tapers bond purchases, which is still expected to occur by the end of this year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: October 8 MBA Mortgage Applications (n/a, -6.9%), September CPI MoM (0.3%, 0.3%); Thursday: October 9 Initial Jobless Claims (325k, 326k), September PPI Final Demand MoM (0.6%, 0.7%); Friday: October Empire Manufacturing (25.0, 34.3), Retail Sales Advance MoM (-0.2%, 0.7%), October Prelim. U. of Mich. Sentiment (73.5, 72.8).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,746.25 (1.27%)	Strong Sectors:	Energy, Financials, Industrials
S&P 500:	4,391.34 (0.83%)	Weak Sectors:	Real Estate, Health Care, Communication Services
S&P Midcap:	2,690.22 (0.26%)	NYSE Advance/Decline:	1,735 / 1,754
S&P Smallcap:	1,358.65 (0.11%)	NYSE New Highs/New Lows:	258 / 199
NASDAQ Comp:	14,579.54 (0.10%)	AAII Bulls/Bears:	25.5% / 36.8%
Russell 2000:	2,233.09 (-0.37%)		

The S&P 500 Index returned 0.83% last week, regaining some of the previous week's 2.19% decline. The index has gained 18.23% YTD and is currently up 1.99% for October, a welcomed trend following September's -4.65%, its worst performance since March 2020. Equities had a rough start to the week as the index declined 1.29% on Monday with the information technology and communication services sectors leading the way down as inflation and growth fears weighed on investors and treasury yields climbed. Markets rallied back on Tuesday and pushed higher through Thursday. Equities received positive news as a \$480 billion increase to the debt ceiling was passed by the US Senate allowing the government to continue to operate as usual for a couple more months without a shutdown or default. After a poor August payroll number, hopeful investors looking for strength in employment numbers were disappointed once again as the September non-farm payroll data showed an increase of only 194K jobs which was well under the expectations of 500K. However, U.S. initial jobless claims of 326K were lower than the 348K expected and the previous week's 362K. The unemployment rate also showed positive data as it declined 0.4% to 4.8%, its lowest level since March 2020. The S&P 500 Energy Index was the best performing sector for the week returning 5.02%, as crude oil climbed 4.57% to \$79.35 per barrel. Strong energy names included **Phillips 66** which returned 13.17%, the best performing stock in the S&P 500 Index, **Marathon Oil Corp**, **APA Corp**, **Diamondback Energy Inc.**, and **Pioneer Natural Resources Company**, all showing double-digit returns for the week. **Facebook Inc.** shares declined 4.89% on Monday after a whistleblower on national media claimed the company prioritized profits over public safety. The whistleblower testified before Congress seeking changes that would make it safer but may decrease profits. Earnings announcements expected this week include financial names such as **JPMorgan & Co.**, **Bank of America Corp**, **Wells Fargo & Co.**, **Morgan Stanley**, **Citigroup Inc.**, **Goldman Sachs Group Inc.**, and many more.

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