

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.038 (-0.3 bps)	GNMA (30 Yr) 6% Coupon:	107-22 ^{1/4} /32 (3.90%)
6 Mo. T-Bill:	0.076 (2.0 bps)	Duration:	3.95 years
1 Yr. T-Bill:	0.155 (0.8 bps)	Bond Buyer 40 Yield:	3.47 (1 bps)
2 Yr. T-Note:	0.498 (-0.9 bps)	Crude Oil Futures:	68.15 (-7.95)
3 Yr. T-Note:	0.801 (-5.8 bps)	Gold Spot:	1,802.59 (-43.14)
5 Yr. T-Note:	1.160 (-6.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.473 (-7.3 bps)	U.S. High Yield:	5.15 (26 bps)
30 Yr. T-Bond:	1.821 (-8.9 bps)	BB:	4.11 (25 bps)
		B:	5.68 (27 bps)

Last week, the yield curve flattened as short-end yields held steady while yields on longer-term maturities fell. Yields rose across maturities through Wednesday, but the announcement of a new Coronavirus variant discovered in South Africa pushed bonds higher on the last day of the shortened trading week. The strain is thought to be the most mutated variant yet creating concern over the effectiveness of current COVID vaccines and the durability of global economic recovery. "This is the most significant variant we have encountered to date and urgent research is underway to learn more about its transmissibility, severity and vaccine-susceptibility," a UK health official explained. In economic news, jobless claims fell to 199,000, the lowest level since 1969, and personal spending rose 1.3%. Both reports comfortably beat consensus expectations. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: November MNI Chicago PMI (67.0, 68.4), November Conference Board Consumer Confidence (110.8, 113.8); Wednesday: November 26 MBA Mortgage Applications (n/a, 1.8%), November ADP Employment Change (520k, 571k), November final Markit US Manufacturing PMI (59.1, unch.), October Construction Spending MoM (0.5%, -0.5%), November ISM Manufacturing (61.0, 60.8%); Thursday: November 27 Initial Jobless Claims (250k, 199k); Friday: November Change in Non-Farm Payrolls (550k, 531k), November Unemployment Rate (4.5%, 4.6%), October Factory Orders (0.5%, 0.2%), and October final Durable Goods Orders (n/a, -0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	34,899.34 (-1.95%)	Strong Sectors:	Energy, Consumer Staples, Financials
S&P 500:	4,594.62 (-2.18%)	Weak Sectors:	Consumer Discretionary, Comm Services, Info Tech
S&P Midcap:	2,779.41 (-3.17%)	NYSE Advance/Decline:	815 / 2,714
S&P Smallcap:	1,376.33 (-3.28%)	NYSE New Highs/New Lows:	225 / 341
NASDAQ Comp:	15,491.66 (-3.52%)	AAll Bulls/Bears:	33.8% / 35.7%
Russell 2000:	2,245.94 (-4.14%)		

The S&P 500 Index posted a -2.18% return last week due to Friday's 2.27% slide producing its largest single-day point drop in 2021 with a 106.84-point decline. Prior to Friday's decline, the index had gained 9.37% for the fourth quarter and 26.78% YTD. The index showed minimal movement for the first three days of the shortened week for the Thanksgiving holiday. U.S. initial jobless claims of 199K were well below the 260K expected and the previous week's 268K as claims continue to decline from the pandemic highs. President Biden announced a release of 50 million barrels of oil from the U.S. Strategic Reserve in efforts to combat any sense of strain at the pumps. The average price of gasoline in the U.S. is \$3.70 per gallon, approximately \$1.25 higher than one year ago. However, oil prices did not decrease on the news, as markets viewed the amount too small to make an impact on prices at the pump. Energy was the best performing sector and the only one with a positive return last week in the S&P 500 Index, as the S&P 500 Energy Index returned 1.62%. Crude oil declined 10.45% for the week and closed at \$68.15 per barrel after dropping over 13% on Friday. Lower trading volumes were expected on Black Friday, but markets were forced to digest the news of new Covid-19 variant Omicron coming out of Botswana and South Africa. Questions regarding the new quickly spreading variant, including the effectiveness of current vaccines and the difference in strength to other variants, caused concern in the markets, though helped vaccine developer **Moderna Inc.** jump 20.57% on Friday. Equity markets declined on the news as all sectors were in negative territory with the S&P 500 Energy Index (-4.07%) and the S&P 500 Financials Index (-3.27%) taking the largest hits, with fears that the new variant would affect future economic activity. Some of Friday's hardest hit energy names included **APA Corp**, **Occidental Petroleum Corp**, **Hess Corp**, **Valero Energy Corp**, and financial names **American Express Company**, **Huntington Bancshares Inc.**, **Comerica Inc.**, and **Wells Fargo & Company**. Travel and leisure stocks also felt the pain with cruise lines leading the group down. Earnings announcements expected this week include **salesforce.com Inc.**, **Dollar General Corp**, **The Kroger Company**, **Ulta Beauty Inc.**, among others.

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