US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.025 (-0.5 bps)	GNMA (30 Yr) 6% Coupon:	109-04/32 (3.52%)
6 Mo. T-Bill:	0.041 (unch)	Duration:	3.98 years
1 Yr. T-Bill:	0.071 (0.8 bps)	Bond Buyer 40 Yield:	3.44 (1 bps)
2 Yr. T-Note:	0.270 (4.8 bps)	Crude Oil Futures:	73.98 (+2.01)
3 Yr. T-Note:	0.540 (7.0 bps)	Gold Spot:	1,750.42 (-3.92)
5 Yr. T-Note:	0.947 (8.7 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.451 (8.9 bps)	U.S. High Yield:	4.59 (4 bps)
30 Yr. T-Bond:	1.983 (8.4 bps)	BB:	3.57 (5 bps)
		B:	5.13 (3 bps)

U.S. Treasury bond yields finished higher last week led by an increase in treasury yields on the long end of yield curve. Treasury yields started the week lower as the fallout in the Chinese real estate sector stoked a risk-off sentiment among investors. On Wednesday, Federal Reserve Chairman Jerome Powell addressed the media after the Federal Open Market Committee (FOMC) meeting. Though no current changes in monetary policy came out of the meeting, there were noticeable adjustments made to the Federal Reserve's outlook. Chairman Powell announced the Federal Reserve will very likely start tapering their quantitative easing program by November's meeting. Also, the Federal Reserve's view on interest rate hikes has substantially changed. The Federal Reserve's "dot plot" is now split on 2022 interest rate hikes, with half forecasting an increase while half do not. Initially on Wednesday, the yield curve flattened on the news as investors do not find rate hikes in 2022 likely. By the end of the of the week, the long end of the yield curve had substantially steepened as investors repositioned their assets. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: August Preliminary Durable Goods Orders (0.7%, -0.1%); Tuesday: August Preliminary Wholesale Inventories (0.9%, 0.6%), July FHFA House Price Index MoM (1.5%, 1.6%), September Conference Board Consumer Confidence (115.0, 113.8); Wednesday: September 24 MBA Mortgage Applications (N/A, 4.9%), August Pending Home Sales MoM (1.1%, -1.8%); Thursday: September 25 Initial Jobless Claims (325K, 351K), September 18 Continuing Claims (2815K, 2845K), 2Q Third GDP Annualized QoQ (6.6%, 6.6%), 2Q Third GDP Price Index (6.1%, 6.1%), September MNI Chicago PMI (65.0, 66.8); Friday: August Personal Income (0.2%, 1.1%), August Personal Spending (0.6%, 0.3%), September Final Markit US Manufacturing PMI (60.5, 60.5), September Final University of Michigan Sentiment (71.0, 71.0), August Construction Spending MoM (0.3%, 0.3%), September ISM Manufacturing (59.5, 59.9).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	34,798.00	(0.62%)	Strong Sectors:	Energy, Financials, Information Technology
S&P 500:	4,455.48	(0.52%)		
S&P Midcap:	2,699.38	(0.80%)	Weak Sectors:	Real Estate, Utilities, Communication Services
S&P Smallcap:	1,344.76	(1.03%)		
NASDAQ Comp:	15,047.70	(0.03%)	NYSE Advance/Decline:	1,721 / 1,762
Russell 2000:	2,248.08	(0.51%)	NYSE New Highs/New Lows:	203 / 148
			AAII Bulls/Bears:	29.9% / 39.2%

A volatile week for stocks turned positive mid-week as the S&P traded higher by 0.52%. On Monday, investors were spooked by the debt crisis at property developer China Evergrande Group. President Xi Jinping is trying to reduce property-sector leverage to make housing more affordable for the people of China. The move is seen as a critical moment for China's economy as the gamble could impede both industrial demand and consumption. The world's largest athleticwear company **Nike** dropped as much as 4.5% in premarket trading after the company lowered its sales outlook due to production and shipping delays. Production in Vietnam remains shutdown by government mandates since mi-July. The company expects production to resume in October and needs to build inventory to meet strong demand going into the holiday season. Back in the US, Federal Reserve Chair Jerome Powell took note of the global supply chain disruptions. Powell said Friday, "I've never seen these kind of supply-chain issues, never seen an economy that combines drastic labor shortages with lots of unemployed people and a lot of slack in the labor market." His comments come after Wednesday's post meeting statement outlining the Fed's reduction of monthly asset purchases as soon as its next meeting in November. The other notable projection made during the meeting was half of the 18 officials expect to raise interest rates by the end of next year. This contrasts with the June meeting where most Fed officials expected rate increases in 2023. Looking ahead to next week, and the end of the third quarter, Durable Goods Orders will be released on Monday, followed by inventory data later in the week.