

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.157 (5.7 bps)	Bond Buyer 40 Yield:	4.97 (-22 bps)
6 Mo. T-Bill:	4.529 (-3.2 bps)	Crude Oil Futures:	88.96 (-3.65)
1 Yr. T-Bill:	4.549 (-16.0 bps)	Gold Spot:	1,771.24 (+89.37)
2 Yr. T-Note:	4.332 (-32.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.187 (-40.4 bps)	U.S. High Yield:	8.99 (-32 bps)
5 Yr. T-Note:	3.938 (-39.3 bps)	BB:	7.29 (-31 bps)
10 Yr. T-Note:	3.813 (-34.6 bps)	B:	9.23 (-30 bps)
30 Yr. T-Bond:	4.015 (-23.1 bps)		

U.S. Treasury bond yields largely finished lower across the yield curve last week. Treasury yields started the week off higher leading into a week where Americans went to the polls on Tuesday and the much-anticipated CPI data on Thursday. Investors did not see a large shift right Tuesday, but still expect gridlock in Washington as the House likely turns red despite the Senate remaining slightly blue. Treasury yields had one of the largest one day drops in a decade on Thursday in reaction to weaker-than-expected inflation data. The Consumer Price Index (CPI) rose 0.4% in October, which came in 0.2% lower than expected, and is up 7.7% versus a year ago. The core CPI, ex-food and gas, came in 0.2% lower than expected, led by declines in used vehicles and airfares. Housing remains an outsized contributor to inflation, but at slower pace than prior months. Markets rallied on the weaker-than-expected CPI data as investors have been hungry for positive news. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: November Empire Manufacturing (-5.5, -9.1), October PPI Final Demand MoM (0.5%, 0.4%), October PPI Final Demand YoY (8.4%, 8.5%); Wednesday: November 11 MBA Mortgage Applications (n/a, -0.1%), October Retail Sales Advance MoM (1.0%, 0.0%), October Industrial Production MoM (0.1%, 0.4%); Thursday: October Housing Starts (1412k, 1439k), October Building Permits (1517k, 1564k), November 12 Initial Jobless Claims (222k, 225k), November 5 Continuing Claims (n/a, 1493k); Friday: October Existing Home Sales (4.36m, 4.71m), October Leading Index (-0.4%, -0.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,747.86 (4.21%)	Strong Sectors:	Information Technology, Comm Services, Materials
S&P 500:	3,992.93 (5.93%)	Weak Sectors:	Utilities, Health Care, Energy
S&P Midcap:	2,532.12 (5.28%)		
S&P Smallcap:	1,232.18 (5.22%)		
NASDAQ Comp:	11,323.33 (8.11%)	NYSE Advance/Decline:	2,660 / 760
Russell 2000:	1,882.74 (4.64%)	NYSE New Highs/New Lows:	211 / 364
		AAll Bulls/Bears:	25.1% / 47.0%

Friday's slight move upward capped off the best week since June for the S&P 500. Thursday's 5.5% return showed investors' positive sentiment after a lower-than-expected CPI print will likely lead the Federal Reserve to slow the pace of rate hikes to combat inflation. The large move was met with skepticism by some and seen as a relief rally with more data needed for the Fed to change course. From a sector perspective, defensive names did not participate in the weekly jump. Utilities, health care, and staples all trailed the broader index. Tech and communication services names roared to the top, each returning about 10% last week. The Fed's possible moves should not overshadow the other significant market event last week. The midterm elections saw heated races across the country on Tuesday. Stocks sold off on Wednesday by over 2%, erasing the gains made earlier in the week. Investors views, as evidenced by the selloff, were that a so-called "Red Wave" would give Republican's control of both the House and the Senate as well as key gubernatorial races across the country. Democratic controlled legislative and executive branches could bring more stringent regulation to the Energy and Tech sectors. As the votes are tallied, the congressional races are tighter than polls exhibited, and gridlock is historically seen as good sign for equity markets. Looking ahead to next week, releases on producer prices (PPI), retail sales, and housing will give investors more data to digest going into the second half of the month.

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