

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.484 (-2.3 bps)	Bond Buyer 40 Yield:	5.03 (-9 bps)
6 Mo. T-Bill:	5.555 (-2.9 bps)	Crude Oil Futures:	87.69 (4.90)
1 Yr. T-Bill:	5.477 (-4.5 bps)	Gold Spot:	1,932.82 (99.81)
2 Yr. T-Note:	5.054 (-2.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.817 (-7.0 bps)	US High Yield:	9.24 (-13 bps)
5 Yr. T-Note:	4.639 (-11.8 bps)	BB:	7.88 (-14 bps)
10 Yr. T-Note:	4.612 (-18.8 bps)	B:	9.42 (-13 bps)
30 Yr. T-Bond:	4.753 (-21.4 bps)		

Treasury yields finished lower across the board last week, as investors sought the safety of bonds following the attack on Israel by Hamas. Mortgage applications inched up on Wednesday but remain near the lowest level in three decades due to rising rates and geopolitical uncertainty. 30-year mortgage rates increased 14bps to 7.67%, marking the fifth straight weekly increase. The producer price index rose 0.5% for the month of September, beating consensus expectations and marking the third consecutive monthly increase. The increase was primarily due to higher energy prices, with the core index increasing 0.3%. Consumer prices in September increased 0.4% on Friday, beating consensus expectations and up 3.7% from a year ago. The report reinforced the theme that the Fed's fight against inflation is not over. Inflation has re-accelerated as of late, with consumer prices up 4.9% at an annualized rate in the last three months. Jobless claims remained unchanged last week at 209k and continuing claims rose 30k to 1.702 million, a sign that the labor market remains strong in the face of higher interest rates. On Friday, import prices for September came in below expectations, largely driven by nonfuel items which signal progress on disinflation in the goods sector. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: October Empire Manufacturing (-6.0, 1.9); Tuesday: September Retail Sales Advance MoM (0.3%, 0.6%), September Industrial Production MoM (0.0%, 0.4%); Wednesday: October 13 MBA Mortgage Applications (N/A, 0.6%), September Housing Starts (1380k, 1283k); Thursday: October 14 Initial Jobless Claims (212k, 209k), September Existing Home Sales (3.88m, 4.04m), September Leading Index (-0.4%, -0.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	33,670.29 (0.79%)	Strong Sectors:	Energy, Utilities, Real Estate
S&P 500:	4,327.78 (0.47%)	Weak Sectors:	Comm. Services, Materials, Consumer Discretionary
S&P Midcap:	2,442.8 (-0.50%)	NYSE Advance/Decline:	1,456 / 1,541
S&P Smallcap:	1,112.76 (-0.97%)	NYSE New Highs/New Lows:	80 / 306
NASDAQ Comp:	13,407.23 (-0.18%)	AAll Bulls/Bears:	40.0% / 36.5%
Russell 2000:	1,719.71 (-1.47%)		

President Biden's statement "The United States unequivocally condemns this appalling assault against Israel by Hamas terrorists..." summed up the global feeling of repulsion from the terrorist attacks against America's longest ally in the Middle East. Despite rising geopolitical risks due to Hamas-funded terrorist attacks in Israel, US equities were generally higher. The attacks created a flight to safety in U.S. bonds, which pushed down yields and adjusted longer duration equity valuations higher, and buoyed the S&P 500 up 0.5% last week. Last week earnings season kicked off with several mega-cap banks announcing quarterly results. **JP Morgan Chase** rallied 2% last week after announcing quarterly trading results were ahead of expectations, they repurchased \$2b of shares last quarter and credit card delinquencies remained muted. Moving forward, there are some potential headwinds as regulators are proposing more stringent capital requirements. **Citigroup Inc.** announced quarterly revenue and earnings above street expectations citing trading results as the primary factor for their beat and shares rose 2.1%. **Wells Fargo & Co.** rallied 3.2% last week after announcing net interest margins and cost controls helped the bank beat revenue and earnings expectations. All told it appears the US banking sector remains on firm footing as these mega-cap banks all announced strong quarters. Looking ahead to next week, all eyes will remain on Israel and Hamas. The US designated a second carrier fleet to the Mediterranean in an effort to quell any contagion of the conflict. Next week earnings season will ramp up in earnest as 55 names in the S&P 500 are expected to announce quarterly results. Among those expected to announce are **Tesla Inc.**, **Johnson & Johnson**, **Proctor & Gamble Co.**, **Netflix Inc.** and **Lockheed Martin Corp.**

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