US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.393 (-5.5 bps)	Bond Buyer 40 Yield:	5.29 (unch.)
6 Mo. T-Bill:	5.461 (-5.6 bps)	Crude Oil Futures:	80.51 (-5.03)
1 Yr. T-Bill:	5.274 (-11.4 bps)	Gold Spot:	1,992.65 (-13.72)
2 Yr. T-Note:	4.839 (-16.3 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.638 (-19.5 bps)	US High Yield:	8.92 (-60 bps)
5 Yr. T-Note:	4.504 (-25.8 bps)	BB:	7.43 (-65 bps)
10 Yr. T-Note:	4.572 (-26.2 bps)	B:	9.16 (-53 bps)
30 Yr. T-Bond:	4.767 (-24.8 bps)		

Treasury yields dropped dramatically over the course of the week after the Federal Reserve Bank signaled a possible end to rate hikes and employment data supported this speculation. Yields began the week by rising on Monday and Tuesday as investors' fears of a significant conflict in the Middle East subsided after Israel's ground offensive had not been as intense as expected and the Bank of Japan only made minor changes to its policy settings. However, Treasury yields dropped significantly on Wednesday after the Fed meeting that saw no increase in the Federal Funds Rate. Fed Chairman Jerome Powell said that the tightening cycle has come far and that the Fed is "proceeding carefully." He also implied that the increase in long-term Treasury yields in the open market has reduced the need for the Fed to increase the Federal Funds Rate again. Yields dropped significantly again on Friday as the October Change in Nonfarm Payrolls came in at 150k, which was below consensus expectations of 180k, but still in a range that suggest the economy is not running hot enough for the Fed to have to increase interest rates again. The market implied probability of an interest rate hike during either the December or January meetings dropped from 27.5% at the beginning of the week to 10.8% by the end of the week. The market implied rate by the end of 2024 also dropped from 4.57 to 4.345. Oil prices dropped 6% over the course of the week on the reduced expectations for expanded regional conflict in the middle east and slowing global demand. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: September Trade Balance (-$60.5b, -$58.3b); Wednesday: November 3 MBA Mortgage Applications (n/a, -2.1%); Thursday: November 4 Initial Jobless Claims (218k, 217k); Friday: U. of Mich. Sentiment (64.0, 63.8).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®:	34,061.32 (5.07%)	Strong Sectors:	Real Estate, Financials, Consumer Discretionary
S&P 500®:	4,358.34 (5.88%)		
S&P MidCap 400®:	2,478.34 (6.55%)	Weak Sectors:	Energy, Health Care, Consumer Staples
S&P SmallCap 600®:	1,148.40 (7.48%)		
Nasdaq Composite®:	13,478.28 (6.62%)	NYSE Advance/Decline:	2,665 / 347
Russell 2000®:	1,760.71 (7.59%)	NYSE New Highs/New Lows:	122 / 424
		AAII Bulls/Bears:	24.3% / 50.3%

The S&P 500 Index returned 5.88% last week posting its largest one week gain of the year. Last week's rally snowballed through the week with all five days showing positive performance. Wednesday's FOMC meeting brought equity investors news that the Federal Funds Target Rate would remain unchanged. Chairman Jerome Powell referred to strength during the third quarter with GDP rising at a strong pace helped by consumer spending, but he also referenced different areas of the economy that are now starting to ease as their rate hikes are being felt. These comments and others boosted stocks as investors' hopes increased that the rate hiking cycle could be coming to an end. The rally in the equities market was also bolstered by the weakness in jobs data posted during the week as October's nonfarm payrolls increased much less than expected, JOLTS job openings came in higher than expected in September, and U.S. initial jobless claims of 217K for the prior week were also higher than expected. All sectors were in positive territory last week with real estate posting the largest gain of 8.57%, followed by financials and consumer discretionary, while energy showed the most weakness gaining 2.35%. Communication services stock **Paramount Global** was the best performer in the S&P 500 Index last week returning 28.60%. The stock jumped due to the company reporting third quarter earnings Thursday that beat expectations along with positive comments from the CEO regarding losses from their streaming push. Many analysts cut their price targets for **Apple Inc.** on Friday after the company released their earnings announcement which showed mixed results including statements that caused concerns regarding their future growth. **Paycom Software Inc.** was the worst performing stock in the S&P 500 Index declining 33.84%. The stock dropped almost 40% on Wednesday after the company reported earnings and cut their full-year forecast, causing many analysts to cut their rating and price targets on the stock. Earnings announcements expected this week include **The Walt Disney Company**, **Gilead Sciences Inc.**, **Vertex Pharmaceuticals Inc.**, **Occidental Petroleum Corp**, **Emerson Electric Company**, **DR Horton Inc.**, **Constellation Energy Corp**, **Biogen Inc.**, **Devon Energy Corp**, **Diamondback Energy Corp**, among others.