

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	5.466 (1.3 bps)	Bond Buyer 40 Yield:	4.86 (13 bps)
6 Mo. T-Bill:	5.517 (1.3 bps)	Crude Oil Futures:	90.03 (-0.74)
1 Yr. T-Bill:	5.447 (2.9 bps)	Gold Spot:	1,925.23 (+1.32)
2 Yr. T-Note:	5.110 (7.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.798 (7.7 bps)	US High Yield:	8.82 (19 bps)
5 Yr. T-Note:	4.558 (9.5 bps)	BB:	7.54 (19 bps)
10 Yr. T-Note:	4.434 (10.2 bps)	B:	8.94 (18 bps)
30 Yr. T-Bond:	4.525 (10.8 bps)		

All eyes were on Federal Reserve Chairman Jerome Powell as investors awaited the FOMC's rate decision this past Wednesday. As expected, the central bank decided to hold rates steady, though Powell indicated that officials are not necessarily done with rate hikes for the year. Instead, during his post-meeting press conference he stated that the central bank is "prepared to raise rates further if appropriate, and we intend to hold policy at a restrictive level until we are confident that inflation is moving down sustainably". Treasury yields surged last week and finished near their highest levels since 2006-2011 as traders digested the Federal Reserve's higher-for-longer theme. Housing starts declined 11.3% in August, the largest monthly decline in over a year. Starts are down 14.8% versus a year ago. Existing home sales declined 0.7% in August to a 4.040 million annual rate (consensus expected 4.100 million). Sales are down 15.3% versus a year ago. On Friday, the S&P Global US Manufacturing PMI came in at 48.9 in September. Manufacturing remains below 50 due to contractions in output and softening new orders. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August New Home Sales (700k, 714k), September Conference Board Consumer Confidence (105.5, 106.1); Wednesday: September 22 MBA Mortgage Applications (N/A, 5.4%), August Preliminary Durable Goods Orders (-0.5%, -5.2%); Thursday: 2nd Quarter Third GDP Annualized QoQ (2.2%, 2.1%), September 23 Initial Jobless Claims (215k, 201k); Friday: August Personal Income (0.4%, 0.2%), August Personal Spending (0.4%, 0.8%), September MNI Chicago PMI (47.3, 48.7), September Final University of Michigan Consumer Sentiment (67.7, unch).

US Equities

Weekly Index Performance:

Market Indicators:

DJIA:	33,963.84 (-1.89%)	Strong Sectors:	Health Care, Utilities
S&P 500:	4,320.06 (-2.91%)		Cons. Staples
S&P Midcap:	2,495.51 (-2.79%)	Weak Sectors:	Materials, Real Estate
S&P Smallcap:	1,146.45 (-3.35%)		Cons. Discretionary
NASDAQ Comp:	13,211.81 (-3.61%)	NYSE Advance/Decline:	674 / 2,373
Russell 2000:	1,776.50 (-3.81%)	NYSE New Highs/New Lows:	120 / 303
		AAll Bulls/Bears:	31.3% / 34.6%

Equities dragged lower last week across the board with all major indices ending the week in the red. The S&P 500's total return was -2.91% as the FOMC decision mid-week deflated confidence. While the Fed decided to keep rates unchanged market participants seemed to finally come to terms with the possibility that rates will be higher for longer reinforced by the fears of inflation reaccelerating on heightened energy costs. All 11 sectors in the S&P 500 had a negative return while only 2 of the 24 industry groups ended the week in the green. So far September has been the worst month for both the S&P 500 and NASDAQ 100 since December, and last week marked the worst weekly performance in 6 months leaving many wondering if markets are crawling down a slight decline or toward a cliff. While overall market performance was depressed last week there was excitement around the IPO of **Maplebear Inc.**, commonly known as Instacart, which began trading last Monday at \$30 a share. The shares traded about 12% higher on the first day but eventually dropped through the turbulent week and closed Friday right back where it started at \$30 a share. The worst performing company in the S&P 500 was **Caesars Entertainment Inc.** which dropped about 13% after the company confirmed it suffered a cyberattack similar to that of its competitor **MGM Resorts International**. The Wall Street Journal also reported that **Caesar's** paid roughly half of a \$30 million ransom to the attackers causing concerns about the severity of the attack. The best performer in the S&P 500 was **Cboe Global Markets Inc.** which rose 5.25% despite the sudden resignation of their CEO Ed Tilly due to failure to disclose personal relationships with colleagues. Tilly was replaced by Fredric Tomczyk who is a current board member and a former CEO of TD Ameritrade, the quick response and clean break compared to other companies with similar scandals appeased investors. This upcoming week investors will pay close attention economic releases in order to gauge the health of the economy. Preliminary data on durable and capital goods for August are set to come out on Wednesday while the Fed's preferred inflation measure the PCE Deflator is set to be released on Friday. While last week markets came to terms with the idea that rates will be higher for longer debate still exists whether one more rate hike is necessary or not. Headline inflation, measured by PCE, is forecasted to increase both sequentially and year over year, a stronger than expected surprise to the upside risks further rattling an already fragile stock market.