

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.628 (0.3 bps)	Bond Buyer 40 Yield:	4.26 (-3 bps)
6 Mo. T-Bill:	4.439 (-0.5 bps)	Crude Oil Futures:	69.22 (-6.34)
1 Yr. T-Bill:	4.185 (0.3 bps)	Gold Spot:	2,721.46 (+64.87)
2 Yr. T-Note:	3.948 (-0.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.858 (-1.7 bps)	US High Yield:	7.28 (-9 bps)
5 Yr. T-Note:	3.878 (-2.4 bps)	BB:	6.14 (-8 bps)
10 Yr. T-Note:	4.083 (-1.7 bps)	B:	7.34 (-9 bps)
30 Yr. T-Bond:	4.392 (-1.8 bps)		

Treasury yields were flat for short-term maturities last week while they dropped slightly for long-term maturities as investors weighed earnings from equities, along with economic reports and their impact on the probability of a soft landing for the economy. The week began with softness in the semiconductor segment, leading investors to speculate that the Federal Reserve Bank may quicken the pace of interest rate cuts and longer-term Treasuries to drop more materially than short-term Treasuries. This view was backed up by a weak October Empire Manufacturing reading of -11.9, compared to 11.5 last month and consensus expectations of 3.6. However, yields rose during the second half of the week as September Retail Sales rose 0.4%, compared to 0.1% last month and consensus expectations of 0.3%. Initial Jobless Claims were also lower than expected with a sequential drop from last month. Together, these led investors to believe that the economy may be running too fast to cut rates as quickly as expected. The market implied probability of an increase in the Federal Funds Rate at the November 7<sup>th</sup> meeting rose from 89% to 95% over the course of the week and the implied rate remained relatively the same for the end of 2024 and throughout 2025. Oil prices dropped 8% as Israel assured that it would not target Iran's oil facilities. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: September Leading Index (-0.3%, -0.2%); Wednesday: October 18 MBA Mortgage Applications (n/a, -17.0%), September Existing Home Sales (3.88m, 3.86m); Thursday: October 19 Initial Jobless Claims (240k, 241k), October Prelim. S&P Global US Manufacturing PI (47.5, 47.3), September New Home Sales (716k, 716k); Friday: September Prelim. Durable Goods Orders (-1.0%, 0.0%), October Final U. of Mich. Sentiment (69.5, 68.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	43,275.91 (0.98%)	Strong Sectors:	Utilities, Real Estate, Info. Tech.
S&P 500:	5,864.67 (0.87%)	Weak Sectors:	Comm. Services, Health Care, Energy
S&P Midcap:	3,198.21 (1.43%)	NYSE Advance/Decline:	1,782 / 1,085
S&P Smallcap:	1,435.16 (1.65%)	NYSE New Highs/New Lows:	560 / 48
NASDAQ Comp:	18,489.55 (0.80%)	AAll Bulls/Bears:	45.5% / 25.4%
Russell 2000:	2,276.09 (1.87%)		

Equities reached new all-time highs last week. The S&P 500 index closed on Friday at 5,864.67, representing a 0.87% weekly gain and a 24.3% year-to-date increase. Robust retail sales bolstered stock prices, easing concerns about a potential weakening consumer ahead of the Christmas holiday shopping season. The quarterly earnings season kicked off last week with a series of financial institutions announcing strong quarterly results: **Bank of America Corp** (returned 0.88% last week), **PNC Financial Services Group** (1.71% return) and **Goldman Sachs Group Inc.** (2.36% return). Despite Warren Buffett's reduction in Bank of America shares, the bank continued to deliver record revenues and earnings. BAC's rally was fueled by strong trading revenues and net interest margins, along with its announcement that they were well capitalized even with the new regulations. PNC also reported solid quarterly results, including revenue and earnings growth, and provided strong revenue guidance. Its provision for loan losses came in below market expectations, contributing to their positive share price performance. Goldman Sachs posted revenues of \$12.7b, surpassing analysts' expectations of \$11.7b. The majority of this beat was driven by its global banking segment, highlighting its successful efforts in that area. A notable earnings surprise came from **United Airlines Holding Inc.**, which reported strong earnings of \$3.33 per share compared to estimated \$3.00, boosting shares 20% last week. The company also announced a \$1.5b share buyback program, its first since 2020, indicating a strong financial position. Shares of **American Airlines Group Inc.**, scheduled to report earnings next week, saw a 11% increase this past week, likely influenced by the United Airlines positive announcement. Looking ahead to next week, earnings season continues to intensify as 112 names in the S&P 500 are expected to announce quarterly results including: **Tesla Inc.**, **Coca-Cola Co.**, **T-Mobile US Inc.**, **Thermo Fisher Scientific Inc.**, **International Business Machines** and **General Electric Co.**

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