US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.09 (-01 bps)	GNMA (30 Yr) 6% Coupon:	113-01/32 (0.89%)
6 Mo. T-Bill:	0.13 (-01 bps)	Duration:	3.47 years
1 Yr. T-Bill:	0.15 (-02 bps)	30-Year Insured Revs:	156.7% of 30 Yr. T-Bond
2 Yr. T-Note:	0.23 (-03 bps)	Bond Buyer 40 Yield:	4.18% (-05 bps)
3 Yr. T-Note:	0.31 (-04 bps)	Crude Oil Futures:	92.19 (-0.70)
5 Yr. T-Note:	0.62 (-05 bps)	Gold Futures:	1771.10 (-4.50)
10 Yr. T-Note:	1.63 (-12 bps)	Merrill Lynch High Yield Indices:	
30 Yr. T-Bond:	2.82 (-12 bps)	BB, 7-10 Yr.:	5.55% (+12 bps)
		B, 7-10 Yr.:	6.81% (+20 bps)

Treasuries gained on the week, but Thursday's drop marked the end to the longest rally in treasuries in nearly four years according to Bloomberg as rioting in Spain and Greece once again brought European debt problems to the forefront. Prices gained on Monday and Tuesday as European leaders continued to work on debt resolutions and Philadelphia's Fed President Charles Plosser speculated that the new Fed MBS buying program may be ineffective in spurring the economy forward. Economic data was positive on the day however as S&P Case-Schiller data grew slightly higher than expectations. Yields were lower again on Wednesday as new home sales fell month over month and below expectations. Treasuries reversed course on Thursday Spain's Prime Minister announced an austerity package and jobless claims were lower than anticipated. In other economic news, durable and capital goods orders as well as pending home sales all fell well below expectations. Yields were virtually unchanged Friday as personal income grew slightly below projections. Major economic reports (and related consensus forecasts) for next week include: Monday: September ISM Manufacturing (51.5) and August Construction Spending (+0.5% MoM); Tuesday: September Total and Domestic Vehicle Sales (14.50M/11.40M annualized); Thursday: Initial Jobless Claims (370,000), August Factory Orders (-5.4%) and minutes of FOMC meeting released; Friday: September Change in Nonfarm Payrolls (115,000), September Change in Private Payrolls (130,000) and September Unemployment Rate (8.2%).

US Stocks

Weekly Index Performance:

DJIA:	13437.1 (-142.3, -1.05%)
S&P 500:	1440.67 (-19.5, -1.30%)
S&P MidCap:	989.02 (-17.0, -1.64%)
S&P Small Cap:	468.00 (-10.1, -2.07%)
NASDAQ Comp:	3116.23 (-63.74, -1.99%)
Russell 2000:	837.45 (-18.06, -2.05%)

Market Indicators:

Strong Sectors:	Utilities, Health Care Cons. Staples
Weak Sectors:	Info Tech, Materials, Cons. Staples
NYSE Advance/Decline:	1,080 / 2,083
NYSE New Highs/New Lows:	426 / 38
AAII Bulls/Bears:	36.1% / 36.5%

Last week, the S&P 500 saw losses in four out of the five trading sessions which resulted in a -1.3% return for the week. This was the worst weekly decline in the S&P 500 since June and brought the overall return in the month of September to 2.58%. On Monday the markets turned negative due in large part to disagreement among European leaders on how to address the ongoing debt crisis in the region. Spanish stocks had a very poor weak (IBEX 35 -6.34%) as a bank stress test showed the banking system had a capital shortfall of nearly 60b Euros. **Walgreen Co.** reported earnings Friday beating analyst estimates, however they reported a decrease in prescriptions filled and shrinking same store sales. **Apple Inc.** had a -4.7% return this week as the week started off with softer than expected iPhone 5 sales and ended with CEO Cook apologizing for issues with their new mapping application. **Google Inc.** reached an all time high on Thursday the company's earnings prospects continue to improve. This week the markets experienced plenty of disappointing economic metrics. New home sales came in under the survey along with GDP, personal consumption, durable good orders and pending home sales. The Chicago Purchasing Manager sank below 50 (a sign of economic contraction) for the first time since 2009. However, on a brighter note, initial jobless claims, the Case-Shiller home price index and consumer confidence all came in better than economists expected but they were not enough to lift the overall equity markets.