US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	0.12 (+04 bps)	GNMA (30 Yr) 6% Coupon:	113-27/32 (1.72%)
6 Mo. T-Bill:	0.29 (-02 bps)	Duration:	3.91 years
1 Yr. T-Bill:	0.48 (+04 bps)	Bond Buyer 40 Yield:	4.36 (-0.02)
2 Yr. T-Note:	0.84 (-05 bps)	Crude Oil Futures:	40.74 (-3.55)
3 Yr. T-Note:	1.18 (-04 bps)	Gold Futures:	1083.20 (-4.50)
5 Yr. T-Note:	1.65 (-08 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.27 (-06 bps)	U.S. High Yield:	8.17% (+32bps)
30 Yr. T-Bond:	3.05 (-03 bps)	BB:	5.98% (+26 bps)
		B:	8.33% (+33 bps)

Bond prices were flat last week as investors shed short-term debt for long-term debt to prepare for a potential rate hike in December. On Monday, U.S government bonds strengthened as investors sought safe haven following Friday's terror attacks in Paris. Industrial production fell below expectations on Tuesday, showing weakness in utilities and mining. Treasury yields saw session highs early Wednesday, as the U.S Federal Reserve discussed a potential December interest rate hike at their October policy meeting. Housing starts unexpectedly declined well below consensus, primarily due to modest downward revisions to September and August announcements. Initial jobless claims remained relatively unchanged on Thursday, indicating that the labor market should maintain solid momentum heading into the final jobs report ahead of the December FOMC meeting. The bond market remained unchanged on Friday, continuing the week long trend of a flattening yield curve. Major economic reports (and related consensus forecasts) for the upcoming shortened holiday week include: Monday: November Markit US Manufacturing PMI (54.0), October Existing Home Sales (5.40M); Tuesday: 3Q S GDP Annualized QoQ (2.1%), November Consumer Confidence Index (99.5); Wednesday: November 20th MBA Mortgage Applications, October Personal Income (0.4%), October Personal Spending (0.3%), October Durable Goods Orders (1.6%), November 21st Initial Jobless Claims (270k), October New Home Sales (500k), November University of Michigan Sentiment (93.1).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	17,823.81 (3.48%)	Strong Sectors:	Info Tech., Cons. Discretionary,
S&P 500:	2,089.17 (3.34%)		Telecom
S&P Midcap:	1,447.05 (2.95%)	Weak Sectors:	Energy, Utilities
S&P Smallcap:	695.89 (2.99%)		Materials
NASDAQ Comp:	5,104.92 (3.65%)	NYSE Advance/Decline:	2,189 / 1,040
Russell 2000:	1,186.15 (2.52%)	NYSE New Highs/New Lows:	126 / 311
		AAII Bulls/Bears:	30.8% / 30.5%

Despite elevated geopolitical risks, because of the horrific ISIS attacks in Paris over the weekend, U.S. equity markets moved higher this week. During the week, the S&P 500 jumped 3.3% due to cautious comments regarding interest rate increases from the Federal Reserve and several positive corporate earnings events from some prominent consumer discretionary companies. There were 18 S&P 500 companies that announced earnings during the week. Of those, **Home Depot Inc.** was up over 8.5% as sales and guidance were above analyst expectations. **Lowe's Inc.** was also up over 8% this week because the company reaffirmed 2016 guidance and noted strong same store sales, which translated in to earnings and revenues above analysts' expectations. **Wal-Mart Stores Inc.** shares were up nearly 6.5% for the week, after executives at the world's largest retail company announced positive 2016 guidance and stated they expect to see between $40b-$65b in additional sales over the next 3 years. **Keurig Green Mountain Inc.** shot up 18% after announcing revenue and earnings above expectations. **Salesforce.com Inc.** had a 7% return this week after announcing increased billings and, positive 2016 guidance along with earnings and revenues above analyst expectations in the 4th quarter. There were also some poor announcements this week, starting with **Urban Outfitters Inc.**, which tumbled over 6% after the teen retailer announced poor revenue numbers and the purchase of a pizza chain to put in stores in an effort to increase foot traffic. **Target Corp.** was down over 4% on Wednesday, because the company announced earnings and revenue in line with expectations but were cautions about foot traffic growth going forward. There appeared to be a reality check this week with the rally in equity markets. Despite increased geopolitical risks, higher odds of a Fed rate hike in December, the sky does not appear to be falling on the U.S. economy. This week, consumer companies had very positive earnings reports, U.S. leading indicators were up 0.6% in October tied for the highest month of the year and job reports continued to be strong. We continue to remain positive on U.S. equities as the plow horse economy continues to plod along.