US Economy and Credit Markets

3 Mo. T-Bill:	0.03 (unch.)	GNMA (30 Yr) 6% Coupon:	113-01/32 (1.87%)
6 Mo. T-Bill:	0.24 (-01 bps)	Duration:	3.86 years
1 Yr. T-Bill:	0.36 (+01 bps)	Bond Buyer 40 Yield:	4.46 (+0.05)
2 Yr. T-Note:	0.71 (unch.)	Crude Oil Futures:	44.47 (-1.58)
3 Yr. T-Note:	1.03 (+04 bps)	Gold Futures:	1,103.30 (-17.60)
5 Yr. T-Note:	1.51 (-05 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.19 (+06 bps)	U.S. High Yield:	7.46% (-07 bps)
30 Yr. T-Bond:	2.95 (+07 bps)	BB:	5.63% (-08 bps)
		B:	7.60% (-07 bps)

Treasury prices fell last week with positive economic data and encouraging signs from the U.S. stock market, decreasing the demand for safe haven assets. On Tuesday, Treasury prices fell sharply as equity markets in China, Europe, and U.S. advanced. Treasuries saw slim gains on Wednesday ahead of a Treasury notes and bond offerings. U.S. government bonds pulled back on Thursday with higher oil prices and new corporate debt sales. Initial jobless claims fell by 6,000 to 275,000 last week as expected, showing a strengthening job market. On Friday, Treasury prices increased as a report showed U.S. consumer sentiment fell to the lowest value in a year, which could complicate the Fed's decision whether to raise short-term interest rates. August producer price index remained unchanged while consensus called for a decline. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: August Retail Sales Advance (0.3% MoM), September Empire Manufacturing (1.00), August Industrial Production (-0.2% MoM); Wednesday: September 11 MBA Mortgage Applications, August CPI (-0.1% MoM); Thursday: August Housing Starts (1160k), September 12 Initial Jobless Claims, September 17 FOMC Rate Decision (Upper Bound) (0.50%); Friday: August Leading Index (0.2%).

US Equities

Weekly Index Performance:			Market Indicators:	
DJIA:	16,433.09	(+2.13%)	Strong Sectors:	Info Tech, Health Care, Industrials
S&P 500:	1,961.05	(+2.13%)		
S&P Midcap:	1,414.47	(+2.08%)	Weak Sectors:	Energy, Telecom, Consumer Staples
S&P Smallcap:	670.37	(+1.52%)		
NASDAQ Comp:	4,822.34	(+2.98%)	NYSE Advance/Decline:	1,808/ 1,409
Russell 2000:	1,157.79	(+1.94%)	NYSE New Highs/New Lows:	45/217
			AAII Bulls/Bears:	34.7% / 35.0%

Equity markets advanced for the holiday-shortened week, erasing part of last week's losses. Volatility remained elevated as investors continued to look ahead to next week's Fed decision, which could be the first rate hike in nearly ten years. In economic news, wholesale prices were flat in August led by a 3.3% decline in energy prices and a strong dollar. Fewer Americans filed for jobless benefits as claims fell by 6,000 to 275,000 for the week. Consumer confidence posted its biggest decline since December 2012 amid the increased market volatility and negative headlines out of developing economies. In stock news, **Apple Inc.** shares advanced over 4% for the week after announcing a new iPhone, an iPad focused at the enterprise, a new Apple TV and a pen. **Palo Alto Networks**, a leader in cyber-security, saw shares advance after posting strong top line growth and positive guidance for future billings. Despite beating estimates, **Lululemon Athletica Inc**. fell sharply as lower margins and lower-than-expected guidance concerned investors. Shares of **Netflix Inc.** initially advanced after the streaming service announced plans to enter into new Asian markets next year, before retreating to end lower for the week. In merger news, **XPO Logistics Inc**. agreed to purchase **Con-Way Inc.** for a 33% premium over its previous close. Looking ahead to next week, investors will be focused on the Fed's rate decision. Despite inflation remaining below the Fed target of 2%, the central bank might still decide to raise rates next week. The Fed views the recent drop in gasoline prices and strong dollar as transitory. In addition, the labor market is close to full employment. A rate increase from a historically low-level should have little impact on the U.S. economy. The more important driver of markets is earnings growth, which while challenged due to a strong dollar and weak energy prices, remains resilient. While S&P 500 earnings are only expected to grow 0.2% in 2015, pockets of strength still exist. The health care, information technology, consumer discretionary and telecom sectors are all expected to post double-digit bottom line growth in 2015. We would be buyers of opportunity if volatility persists.