

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.02 (-01 bps)	GNMA (30 Yr) 6% Coupon:	113-02/32 (1.95%)
6 Mo. T-Bill:	1.18 (+01 bps)	Duration:	4.05 years
1 Yr. T-Bill:	1.30 (+01 bps)	Bond Buyer 40 Yield:	4.01 (+01 bps)
2 Yr. T-Note:	1.43 (+05 bps)	Crude Oil Futures:	50.66 (+0.77)
3 Yr. T-Note:	1.58 (+05 bps)	Gold Spot:	1,297.30 (-22.88)
5 Yr. T-Note:	1.86 (+06 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.25 (+05 bps)	U.S. High Yield:	5.99 (-04 bps)
30 Yr. T-Bond:	2.78 (+01 bps)	BB:	4.48 (-05 bps)
		B:	6.09 (-03 bps)

As the market expected, the Fed did not raise rates last week and confirmed its plan to begin unwinding its \$4.5 trillion balance sheet in October. The biggest surprise from the announcement after the two-day Fed meeting was that 12 of the 16 members of the FOMC think the Fed will raise rates one more time in 2017. Yields rose across the board after the announcement with the 2-year treasury yield spiking to the highest level since 2008. Despite soft inflation data, economic activity continues to strengthen as evidenced by last week's surprise drop in initial jobless claims, and expanding household and business spending. The rate setting committee still expects three more rate increases next year, however, the committee lowered its projection for the natural long-run federal funds rate from 3% in June to 2.75%. Fed President Williams stated on Friday that he believes the new normal is closer to 2.5%. Treasury yields fell Friday due to fears over North Korea's hydrogen bomb threat but ended the week up with a flatter yield curve. Major economic reports (related consensus forecasts; prior data) for the upcoming week include Tuesday: August New Home Sales MoM (3.3%, -9.4%), September Consumer Confidence (120.0, 122.9); Wednesday: August Durable Goods Orders (1.0%, -6.8%); Thursday: GDP Annualized QoQ (3.1%, 3.0%), September 23 Initial Jobless Claims (265k, 259k); Friday: August Personal Income (0.2%, 0.4%), August Personal Spending (0.1%, 0.3%) and August PCE Deflator YoY (1.5%, 1.4%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	22,349.59 (0.36%)	Strong Sectors:	Telecom Services, Financials, Energy
S&P 500:	2,502.22 (0.09%)	Weak Sectors:	Real Estate, Utilities, Consumer Staples
S&P Midcap:	1,768.65 (0.85%)	NYSE Advance/Decline:	1,749 / 1,317
S&P Smallcap:	874.87 (1.64%)	NYSE New Highs/New Lows:	370 / 53
NASDAQ Comp:	6,426.92 (-0.33%)	AAII Bulls/Bears:	40.1% / 27.2%
Russell 2000:	1,450.78 (1.35%)		

The S&P 500 Index posted a new all-time closing high of 2,508.24 on Wednesday, after breaking through the 2,500 point ceiling the previous week. Though hitting a new high, the index was relatively flat for the week increasing only nine basis points. Equity markets seemed unfazed by the President of the United States comments at the United Nations on Tuesday as tensions remain high between the US and North Korea. Investors were zeroed in on Wednesday's Federal Open Market Committee meeting, waiting to hear the fiscal policy direction. The committee announced that the balance sheet normalization program would be initiated in October, increasing the likelihood of another rate hike by the end of the calendar year. In economic news, US initial jobless claims of 259K were much lower than the consensus estimate of 302K and the previous week's 284K. Crude oil increased 1.54% for the week, climbing \$0.77 and closing at \$50.66 per barrel. **Equifax Inc.**, a well-known credit bureau that provides consumer credit scores and histories to lenders, showed the best performance for the week in the S&P 500 Index with a 12.97% return. The stock steadily increased throughout the first four days of the week, jumping an additional 6.91% on Friday after Wells Fargo Securities raised their recommendation of the stock to an outperform. The stock was under pressure the previous week, declining 34.85% from September 7-15, after revealing that a cyberattack may have compromised personal data for approximately 143 million US consumers. **Anadarko Petroleum Corp.**, an oil and gas exploration company, returned 12.12% last week. The stock jumped 8.21% on Wednesday after the announcement of a \$2.5 billion buyback pledge to be carried out through the end of 2018. **CarMax Inc.**, a retailer that sells used cars and light trucks, climbed 7.77% on Friday after releasing second quarter earnings that beat estimates. Next week will bring earnings news from **NIKE Inc.**, **Carnival Corp.**, **Micron Technology Inc.**, **Conagra Brands Inc.** and others.

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