US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	1.543 (3.0 bps)	GNMA (30 Yr) 6% Coupon:	110-11/32 (2.75%)
6 Mo. T-Bill:	1.565 (3.3 bps)	Duration:	3.79 years
1 Yr. T-Bill:	1.574 (5.6 bps)	Bond Buyer 40 Yield:	3.67 (6 bps)
2 Yr. T-Note:	1.674 (12.2 bps)	Crude Oil Futures:	57.24 (1.04)
3 Yr. T-Note:	1.703 (15.9 bps)	Gold Spot:	1,459.00 (-55.34)
5 Yr. T-Note:	1.746 (20.3 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.942 (23.1 bps)	U.S. High Yield:	6.38 (1 bp)
30 Yr. T-Bond:	2.424 (23.5 bps)	BB:	4.64 (2 bps)
		B:	6.67 (-2 bps)

Treasury yields rose last week on signs of progress in trade negations between the U.S. and China, with the yield on the U.S. 10-year Treasury reaching its highest level since July. Safe havens such as gold and government bonds fell globally on Thursday after China's Ministry of Commerce announced that the U.S. and China have agreed to roll back tariffs as part of a "phase one" deal between the two countries. However, President Donald Trump disputed the report on Friday, saying the U.S. hasn't agreed to roll back tariffs on China. U.S. government bond prices rose following the President's comments, reversing some of the selling from the day before. In economic data, the ISM Non-Manufacturing Index rose to 54.7 in October, coming in above expectations. The report eased concerns that a recent slowdown in manufacturing would affect other areas of the economy such as the service sector. The preliminary November reading of the University of Michigan Consumer Sentiment Index showed a slight gain over the prior month. It was the third consecutive month of improvement and further indication that the U.S. consumer is on solid footing. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: October CPI MoM (0.3%, 0.0%), November 8 MBA Mortgage Applications (N/A, -0.1%); Thursday: November 9 Initial Jobless Claims (215k, 211k), October PPI Final Demand MoM (0.3%, -0.3%); Friday: October Retail Sales Advance MoM (0.2%, -0.3%), October Industrial Production MoM (-0.4%, -0.4%), November Empire Manufacturing (5.9, 4.0).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	27,681.24 (1.37%)	Strong Sectors:	Financials, Energy, Materials
S&P 500:	3,093.08 (0.93%)		
S&P Midcap:	1,998.39 (0.79%)	Weak Sectors:	Real Estate, Utilities, Consumer Staples
S&P Smallcap:	988.56 (0.85%)		
NASDAQ Comp:	8,475.31 (1.11%)	NYSE Advance/Decline:	1,535 / 1,536
Russell 2000:	1,598.86 (0.63%)	NYSE New Highs/New Lows:	412 / 101
		AAII Bulls/Bears:	40.3% / 23.9%

Stocks closed at record highs last week with the S&P 500 up over 25% for the year. The index has closed in positive territory for the fifth straight week. Consumer sentiment improved again for the third straight month showing that Americans are confident in their financial position as markets move higher. **Ralph Lauren Corp** showcased that sentiment after the company reported same-store sales growth across the US and the rest of the world. A drop in foreign shoppers in North America had been a problem for the company, but a resurgence of domestic spending pushed their sales past Wall Street estimates. The trade war with China continues to keep its thumb on the equity markets. Contradictory headlines about rolling back tariffs from officials from both countries were met by President Trump comments disputing the pledge. Travel company **Expedia** sat at the bottom of the S&P 500 as the worst performing stock last week. The company reported quarterly sales in line with expectations, but their short-term rental unit VRBO came up short of analyst estimates. The disappointing growth of the division resulted in the company lowering the full-year outlook. As stocks push higher towards the end of the year, investors look to the higher beta sectors in market. Defensive sectors were the poorest group in the S&P 500 with Real Estate, Utilities, and Consumer Staples comprising the bottom three performers. Looking ahead, more of the same future headlines will be in play. Trade, the 2020 election, impeachment, and the economic impact of climate change will remain on the minds of investors and move the markets.