US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.331 (8.5 bps)	Bond Buyer 40 Yield:	4.88 (-15 bps)
6 Mo. T-Bill:	4.074 (17.1 bps)	Crude Oil Futures:	92.64 (+13.15)
1 Yr. T-Bill:	4.219 (28.6 bps)	Gold Spot:	1,694.82 (+34.21)
2 Yr. T-Note:	4.308 (2.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.343 (5.5 bps)	US High Yield:	9.31 (-31 bps)
5 Yr. T-Note:	4.142 (5.2 bps)	BB:	7.55 (-28 bps)
10 Yr. T-Note:	3.881 (5.3 bps)	B:	9.61 (-35 bps)
30 Yr. T-Bond:	3.842 (6.6 bps)		

Fixed income continues to post jarring losses as yields, particularly short-dated yields, continue to rapidly rise. The September non-farm payroll data from last Friday did nothing to alleviate the assent of yields. Strong jobs data, payrolls increased 263,000 and ahead of expectations, amplified expectations for more rate increases from the Federal Reserve. Not mincing words, Mr. Christopher Waller, member of the Federal Reserve System Board of Governors, spoke to his alma mater at Kentucky on October 6th and insisted inflation is far from the FOMC's goal. More concerning, he stated it did not appear "likely to fall quickly." He went on. "This is not the inflation outcome I am looking for to support a slower pace of rate hikes or a lower terminal policy rate than projected in the September 2022 SEP., and…we haven't yet made meaningful progress on inflation." The markets seemed to digest this and the jobs data last Friday. Price action was strong and to the downside, suggesting markets are inclined to expect the Federal Reserve to remain tight until "it breaks something." Other major news last week included OPEC's snubbing of the Biden administration's desire for increased oil supply as it announced steep cuts. Citing weakening demand expectations, OPEC and allies agreed to lower output quotas by 2M barrels a day. With Strategic Petroleum Reserve releases slated to wind down in November, oil markets may tighten significantly into year end. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday shortened (for bonds) week include Wednesday: October MBA Mortgage Applications (N/A, -14.2%), September MoM PPI Final Demand (0.2%, -0.1%); Thursday: October 8 Initial Jobless Claims (225k, 219k), September MoM CPI (0.2%, 0.1%), September YoY CPI (8.1%, 8.3%); Friday: September Retail Sales Advance MoM (0.2%, 0.3%) and October preliminary University of Michigan Sentiment (59.0, 58.6).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	29,296.79 (2.03%)	Strong Sectors:	Energy, Industrials, Materials
S&P 500:	3,639.66 (1.56%)		
S&P Midcap:	2,266.89 (2.91%)	Weak Sectors:	Cons. Discretionary, Utilities, Real Estate
S&P Smallcap:	1,093.73 (2.73%)		
NASDAQ Comp:	10,652.40 (0.75%)	NYSE Advance/Decline:	2,170 / 1,328
Russell 2000:	1,702.15 (2.27%)	NYSE New Highs/New Lows:	88 / 667
		AAII Bulls/Bears:	23.9% / 54.8%

The S&P 500 retuned 1.94% last week, however the index was flat from Thursday of the week before, after a window dressing selloff session the previous Friday to close last quarter. The S&P 500 Energy index was up 14.5% last week as the price of WTI Oil soared from $79.49 to $93.05. The principal reason for higher oil prices was a meeting of the OPEC+ countries where the cartel decided to cut oil output by 2 million barrels per day. This was met with hostile rhetoric from the Biden White House accusing the consortium of aligning with Russia to increase U.S. inflation. President Biden then stated he would release 10 million more barrels of the U.S. Strategic Petroleum Reserve (SPR) in November to counter the OPEC+ cuts, the SPR is already near 40-year lows. All of this is a negative for the Democrat controlled legislature up for re-election in November. The weekly generic ballot polling from Rasmussen Reports shows the Republicans with a +4% lead for the November elections, the GOP's biggest lead since August. Ten out of the twelve top performing stocks in the S&P 500 were energy names, buoyed by the higher oil prices. The two non-energy names were **Dexcom Inc.** and **The Gap Inc.** Dexcom, a health care supplier of continuous glucose monitoring to help in the treatment of diabetes, received positive news about coverage for their units by Medicare sending shares up 26.8%. The Gap, a clothing retailer, has been grappling with higher commodity prices and lower foot traffic and year to date returned -51.9% YTD as of 9/30. However, shares soared 19.8% last week because of positive back-to-school shopping trends. Economic results remained strong last week after factory orders and durable goods were positive, along with robust employment numbers. Looking ahead to next week, all eyes will be on CPI numbers due for release next Thursday. According to Bloomberg's economic survey, economists project 8.1% YoY inflation which would be lower than last month's 8.3% print. Additionally, earnings announcements are going to trickle in starting with several major banks expected to report next Friday.