US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	3.182 (9.0 bps)	Bond Buyer 40 Yield:	4.91 (15 bps)
6 Mo. T-Bill:	3.858 (7.1 bps)	Crude Oil Futures:	78.74 (-6.37)
1 Yr. T-Bill:	4.061 (13.5 bps)	Gold Spot:	1,643.94 (-31.12)
2 Yr. T-Note:	4.201 (33.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.223 (39.7 bps)	U.S. High Yield:	9.23 (43 bps)
5 Yr. T-Note:	3.979 (34.8 bps)	BB:	7.55 (38 bps)
10 Yr. T-Note:	3.685 (23.5 bps)	B:	9.51 (44 bps)
30 Yr. T-Bond:	3.606 (9.3 bps)		

Treasury yields increased significantly last week amid interest rate hikes from central banks around the world. In the US, the Fed raised interest rates by 0.75% for the third consecutive meeting, as expected. The Fed also signaled it would raise rates more aggressively going forward while lowering this year's median economic growth expectations from 1.7% to 0.2%. Fed Chairman Jerome Powell said the Fed is "strongly resolved" to bring inflation down to its 2% target and showed an increased willingness to accept slower growth and a softening labor market to achieve that goal. The prospect of slower growth sent oil prices below $80 per barrel to the lowest level since January. In the eurozone, S&P Global's composite purchasing managers index showed the eurozone's economic downturn deepened in September, falling to a 20-month low as higher energy prices continue to increase costs. Meanwhile, the UK announced significant tax cuts to stimulate its economy, which added to the risk-off sentiment on Friday due to fears the cuts could be inflationary. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: September Conf. Board Consumer Confidence (104.5, 103.2), August Preliminary Durable Goods Orders (0.0%, -0.1%), August New Home Sales (500k, 511k); Wednesday: September 23 MBA Mortgage Applications (N/A, 3.8%); Thursday: September 24 Initial Jobless Claims (215k, 213k), 2Q GDP Annualized QoQ (-0.6%, -0.6%); Friday: September Final U. of Mich. Sentiment (59.5, 59.5), August Personal Income (0.3%, 0.2%), August Personal Spending (0.2%, 0.1%), September MNI Chicago PMI (51.7, 52.2).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	29,590.41 (-4.0%)	Strong Sectors:	Consumer Staples, Utilities, Health Care
S&P 500:	3,693.23 (-4.63%)		
S&P Midcap:	2,239.29 (-5.92%)	Weak Sectors:	Energy, Consumer Discretionary, Real Estate
S&P Smallcap:	1,080.92 (-5.57%)		
NASDAQ Comp:	10,867.93 (-5.06%)	NYSE Advance/Decline:	392 / 3,088
Russell 2000:	1,679.59 (-6.58%)	NYSE New Highs/New Lows:	63 / 1,241
		AAII Bulls/Bears:	17.7% / 60.9%

Stocks traded lower by over 4% last week, measured by the S&P 500. Hawkish comments from Federal Reserve Chairman Jerome Powell followed a 75-basis point interest rate increase that had investors continuing to take a risk-off approach through the end of the week. The Fed's goal is to lower inflation with higher interest rates after increasing the money supply during the pandemic. Consecutive weekly negative 4% moves in the benchmark S&P 500 had the index testing its June lows through trading on Friday. All eleven sectors were lower, with Energy losing -9% as the value of crude oil slipped past $80 per barrel. Consumer Staples bellwether **General Mills** was a bright spot on the trader's screens as the company posted over a 5% return last week. The company has been able to keep costs under control while increasing prices, therefore expanding its profit margin during the last quarter. Fellow food producers **Kellogg**, **Campbell Soup,** and **Hormel Foods** tagged along with the positive sentiment in the sector with each company trading higher by about 2%. Market sentiment is at its lowest since 2008 according to a report from Bank of America released this week. The swell of news will be processed over the weekend and investors will look to the coming corporate earnings reports after the third quarter comes to a close next week. On the economic front, releases on mortgage applications, home sales, GDP, and employment will give the market a prelude to the coming fourth quarter of 2022.