US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.633 (0.5 bps)	Bond Buyer 40 Yield:	4.42 (16 bps)
6 Mo. T-Bill:	4.515 (7.6 bps)	Crude Oil Futures:	71.78 (+2.56)
1 Yr. T-Bill:	4.295 (11 bps)	Gold Spot:	2,747.56 (+26.1)
2 Yr. T-Note:	4.105 (15.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.050 (19.2 bps)	U.S. High Yield:	7.41 (13 bps)
5 Yr. T-Note:	4.063 (18.5 bps)	BB:	6.26 (12 bps)
10 Yr. T-Note:	4.240 (15.7 bps)	B:	7.46 (12 bps)
30 Yr. T-Bond:	4.499 (10.7 bps)		

Treasury yields were up across the board as concerns about a rising U.S. deficit - regardless of who wins the presidential election - and the prospect of slower interest rate cuts caused a selloff early in the week. Demand for Treasuries picked up later in the week, pushing yields slightly lower, though most yields still finished the week near their highest levels in two or three months. On Wednesday, the September Existing Home Sales report showed a decline of 1.0%, bringing the annual rate to 3.840 million. Existing home sales continue to trend downward, as activity has now fallen to the slowest pace since the 2008 Financial Crisis. September New Home Sales increased 4.1% reaching an annual rate of 0.738 million, beating the consensus estimated 0.720 million. New home sales have risen to their highest level in sixteen months, as falling mortgage rates and declining sales prices have gotten some buyers off the fence. Friday's Durable Goods report showed a decline of 0.8% in September, though it beat the consensus expected decline of 1.0%. This marks the third decline in the past four months as falling orders for commercial and defense aircraft drove the decrease. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: October Conference Board Consumer Confidence (99.1, 98.7); Wednesday: October 25 MBA Mortgage Applications (n/a, -6.7%), October ADP Employment Change (100k, 143k), 3Q Actual GDP Annualized QoQ (3.0%, 3.0%); Thursday: September Personal Income (0.3%, 0.2%), September Personal Spending (0.4%, 0.2%), October 26 Initial Jobless Claims (230k, 227k), October MNI Chicago PMI (47.0, 46.6); Friday: October Change in Nonfarm Payrolls (113k, 254k), October Unemployment Rate (4.1%, 4.1%), October Final S&P Global US Manufacturing PMI (n/a, 47.8), October ISM Manufacturing (47.5, 47.2).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	42,114.40 (-2.66%)	Strong Sectors:	Cons. Discretionary, Info Tech Comm. Services
S&P 500®	5,808.12 (-0.96%)		
S&P MidCap 400®	3,107.51 (-2.83%)	Weak Sectors:	Industrials, Health Care Materials
S&P SmallCap 600®	1,390.67 (-3.09%)		
Nasdaq Composite®	18,518.61 (0.16%)	NYSE Advance/Decline:	610 / 2,260
Russell 2000®	2,208.00 (-2.99%)	NYSE New Highs/New Lows:	290 / 81
		AAII Bulls/Bears:	37.7% / 29.9%

The S&P 500 fell 96 basis points last week with broad based weakness as only the Consumer Discretionary and Information Technology sectors finished the week in the green. The top sector was the Consumer Discretionary sector which returned 94 basis points. The sector was led higher by **Tesla Inc** following its 3rd quarter earnings release, the automaker was also the top performing company in the overall S&P 500. Tesla's total return for the week was 21.97% after the firm beat EPS estimates by over 20% and offered upbeat 2025 sales guidance with CEO Elon Musk stating that his best guess would be 20% to 30% vehicle sales growth next year. Investors were also encouraged by Tesla's gross margin which slightly increased since its last earnings release. While its margin still sits well below its highs due to aggressive price cuts, the increase offers hope that the firm will begin focusing on profitability once again. The worst performing sector was the Materials sector which fell 4.01% with only 5 of its 28 constituents experiencing a positive return. The sector was led lower by **Newmont Corp** which fell 15.97% after posting worse than expected earnings last Wednesday. The gold producer missed earnings estimated due to higher than expected costs raising fears that the firm will fail to capitalize on surging bullion prices. Despite missing expectations Newmont posted its highest quarterly profits in five years, some analysts blamed too high of expectations from the sell side and said while results were negative, they weren't as negative as the market portrayed. In other news, **New York Community Bank** fell 13.38% last week after posting disappointing results. The bank missed on both the top and bottom line in addition to pushing out forecasts for its return to profitability until 2026. The earnings miss was caused by merger expenses, the sale of its mortgage warehouse business, and an elevated provision for credit losses. Analysts noted management is moving fast to strengthen the business but the firm's ability to handle credit issues overshadows revenue and expense trends. Upcoming this week there will be plenty of news for investors to parse, on the economic front GDP, PCE, and employment data will be announced. On the earnings front, 160 members of the S&P 500 are expected to report quarterly results. While there is an abundance of companies releasing results much of the focus will likely be on the top heavy Magnificent Seven. Five members, absent of **Tesla** and **NVIDIA**, are expected to report results. Other notable releases include: **Eli Lilly**, **Eaton**, **Exxon Mobil**, and **Caterpillar**.

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