

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.914 (-2.8 bps)	Bond Buyer 40 Yield:	4.51 (-11 bps)
6 Mo. T-Bill:	3.790 (-2.3 bps)	Crude Oil Futures:	57.54 (-1.36)
1 Yr. T-Bill:	3.553 (-3.1 bps)	Gold Spot:	4251.82 (+234.03)
2 Yr. T-Note:	3.457 (-4.4 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.467 (-4.5 bps)	U.S. High Yield:	7.11 (-15 bps)
5 Yr. T-Note:	3.592 (-3.3 bps)	BB:	6.00 (-14 bps)
10 Yr. T-Note:	4.009 (-2.3 bps)	B:	7.29 (-16 bps)
30 Yr. T-Bond:	4.605 (-1.3 bps)		

Treasury yields were down across the board for the third consecutive week, with the 10-year falling to its lowest level in 2025. The lack of economic data during the near 3-week government shutdown has created uncertainty within markets. The combination of a fresh wave of U.S.-China tensions (beginning last week) and fresh concerns about regional banks, bad loans, and credit stress in the banking sector triggered a global selloff and amplified the demand for safe-haven assets. Meanwhile, on Tuesday, Fed Chair Jerome Powell signaled that the central bank remains on course for further rate cuts, reinforcing the view that the economy is in need of a boost. MBA mortgage applications fell -1.8% for the week ending October 10th, marking the third consecutive weekly decline. The Empire State Manufacturing Index for general business conditions unexpectedly jumped to 10.7 in October, up from -8.7 in September. The outlook also strengthened, reaching its highest level since the beginning of the year, even as price pressures persisted. Following sharp declines last month, both new orders and shipments rebounded, with the new orders index rising to 3.7 and the shipments index increasing to 14.4. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Wednesday: October 17th MBA Mortgage Applications (N/A, -1.8%); Thursday: October 18th Initial Jobless Claims (226k, N/A), September Existing Home Sales (4.06m, 4.00m); Friday: September CPI MoM (0.4%, 0.4%), September CPI (3.1%, 2.9%), October Preliminary S&P Global US Manufacturing PMI (51.8, 52.0), September New Home Sales (707k, 800k), October Final University of Michigan Sentiment (55.0, 55.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	46,190.61 (1.56%)	Strong Sectors:	Communication Services, Real Estate, Information Tech
S&P 500®	6,664.01 (1.71%)	Weak Sectors:	Financials, Health Care, Energy
S&P MidCap 400®	3,223.89 (1.97%)		
S&P SmallCap 600®	1,434.27 (3.00%)		
Nasdaq Composite®	22,679.97 (2.14%)	NYSE Advance/Decline:	1,823 / 1,009
Russell 2000®	2,452.17 (2.41%)	NYSE New Highs/New Lows:	230 / 136
		AAL Bulls/Bears:	33.7% / 48.1%

Stocks led off last week higher by over 1.5% and bounced each day before moving ahead on Friday for the S&P 500 to close the week up 1.7%. Communication Services, led by Google parent **Alphabet Inc.**, was the best performing sector in the S&P with a 3.64% return. Chips stocks in the Information Technology sector and interest rate sensitive Real Estate stocks also contributed to the positive gains in the broad indexes last week. The world's two biggest economies, the United States and China, have been in a tariff row that has moved the markets daily as President Trump's remarks are immediately priced into the volatile market moves. The President's Friday remarks added about 0.5% to the S&P 500 as optimism that the U.S. and China could come to a trade agreement was met with optimism by investors before the weekend. Trepidation in the credit markets was present all last week after comments from big bank CEOs, most notably **JPMorgan's** Jamie Dimon, rattled confidence that more credit events like auto parts distributor First Brands and subprime auto lender Tricolor could be the first "cockroaches" to appear and that more could be lurking on banks' balance sheets. A few days later, regional banks **Zions Bancorp** and **Western Alliance Bancorp** suffered double digit declines as the two banks said they were victims of fraud on loans to funds that invest in distressed commercial mortgages. Leaders of other regional banks calmed fears of a similar credit events as more regional banks released quarterly results on Friday. The third quarter reports showed fewer provisions for loan losses than analysts had forecast, bolstering the confidence in the group. Looking ahead to next week, data on jobs, home sales, CPI, and consumer sentiment are all set for release.

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