

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.951 (0.3 bps)	Bond Buyer 40 Yield:	4.64 (-4 bps)
6 Mo. T-Bill:	3.821 (-2.6 bps)	Crude Oil Futures:	60.88 (-4.84)
1 Yr. T-Bill:	3.634 (-2.1 bps)	Gold Spot:	3,886.54 (126.56)
2 Yr. T-Note:	3.576 (-6.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.592 (-6.1 bps)	US High Yield:	7.02 (-2 bps)
5 Yr. T-Note:	3.715 (-5.0 bps)	BB:	5.94 (-1 bps)
10 Yr. T-Note:	4.119 (-5.6 bps)	B:	7.19 (-9 bps)
30 Yr. T-Bond:	4.711 (-3.7 bps)		

Jobs data released last week continued to point to a stagnant labor market. The Job Openings and Labor Turnover Survey, or JOLTS, released Tuesday showed low hiring but also low layoffs. Employees who voluntarily left their jobs also dropped to the lowest level this year, suggesting low confidence in finding a new position. Treasuries rose on Wednesday and yields fell after data from ADP showed US private-sector jobs dropped unexpectedly in September. The US lost 32,000 jobs in September, well short of an expected gain, and August's data was also revised to a loss. September's loss was the third decline in the past four months. The data added to bets that the Fed will cut rates two more times this year to support the employment side of its dual mandate. Additional economic data released last week showed consumer confidence fell to a 5-month low in September on a dimming view of job prospects, according to The Conference Board. The ISM services index unexpectedly shifted to neutral in September, with activity remaining the same as last month. Meanwhile, manufacturing activity measured by the ISM Manufacturing Index contracted for the seventh consecutive month. The September jobs report scheduled to be released Friday was postponed due to the government shutdown. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: August Trade Balance (-\$61.0b, -\$78.3b); Wednesday: October 3 MBA Mortgage Applications (N/A, -12.7%); Thursday: October 4 Initial Jobless Claims (230k, N/A), August Final Wholesales Inventories MoM (N/A, -0.2%); Friday: October Preliminary U. of Mich. Sentiment (54.1, 55.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	46,758.28 (1.11%)	Strong Sectors:	Health Care, Utilities
S&P 500®	6,715.79 (1.11%)		Info Tech
S&P MidCap 400®	3,288.93 (0.71%)	Weak Sectors:	Cons. Discretionary, Comm. Services
S&P SmallCap 600®	1,465.17 (1.37%)		Energy
Nasdaq Composite®	22,780.51 (1.33%)	NYSE Advance/Decline:	2,865 / 1,247
Russell 2000®	2,476.18 (1.78%)	NYSE New Highs/New Lows:	315 / 91
		AAll Bulls/Bears:	42.9% / 39.2%

The government may be shut down, but the market is not; the S&P 500 rose 1.1% last week. Details of Trump's drug pricing plans emerged on Tuesday, sending health care sector names higher as a three-year tariff pause for participating names was announced, as well as a \$70 billion R&D pledge. **Eli Lilly** was the largest contributor to the return of the S&P 500 among health care names, rising 15.9%. Utilities performed well as the AI-related electrification trade continued apace and as falling interest rates benefitted these more bond-like equities. Energy names fell along with oil prices, earning the dubious distinction of the week's worst performing sector. Communication services performed the second worse, with **Meta** falling as the market digested large capital commitments to AI, from a \$14 billion deal with **CoreWeave** to a proposal to buy chip maker Rivios. Turning to economic news, pending home sales in August rose 4%, far higher than the 40 bps expected and the prior figure of -40 bps. The JOLTS Job Openings number of 7227k nearly matched the 7200k estimate for August. Conference Board Consumer Confidence deteriorated from the prior level of 97.4 to 94.2 in September, below the 96 estimate. ISM Manufacturing for September came in at 49.1 versus 49.0 expected, still in contraction but higher than the 48.7 figure prior. The ISM Services Index registered right at 50 in September, down from 52 last time and below the 51.7 estimate. Due to the government shutdown, weekly jobless claims, August factory orders, and September employment data are delayed. Next week we expect trade data, FOMC meeting minutes, weekly initial jobless claims, and the University of Michigan's sentiment data. On the earnings front, four members of the S&P 500 announce next week: beverage names **PepsiCo** and **Constellation Brands**, **Delta Air Lines**, and food product company **McCormick**.

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