

| US Economy and Credit Markets |                   |                                   |                   |
|-------------------------------|-------------------|-----------------------------------|-------------------|
| Yields and Weekly Changes:    |                   |                                   |                   |
| 3 Mo. T-Bill:                 | 4.156 (1.2 bps)   | Bond Buyer 40 Yield:              | 5.48 (0 bps)      |
| 6 Mo. T-Bill:                 | 4.320 (0.9 bps)   | Crude Oil Futures:                | 101.41 (9.56)     |
| 1 Yr. T-Bill:                 | 4.407 (-2.9 bps)  | Gold Spot:                        | 4,165.58 (-28.66) |
| 2 Yr. T-Note:                 | 4.708 (-7.9 bps)  | Merrill Lynch High Yield Indices: |                   |
| 3 Yr. T-Note:                 | 4.798 (-11.9 bps) | U.S. High Yield:                  | 8.45 (4 bps)      |
| 5 Yr. T-Note:                 | 4.868 (-14.8 bps) | BB:                               | 7.16 (-1 bps)     |
| 10 Yr. T-Note:                | 5.073 (-16.5 bps) | B:                                | 8.60 (11 bps)     |
| 30 Yr. T-Bond:                | 5.421 (-17.5 bps) |                                   |                   |

Treasury yields ended the week mostly lower, with the long end of the yield curve falling sharply while the short end inched higher. On Wednesday, the September Consumer Price Index ("CPI") report showed inflation rose 0.6% for the month, matching consensus expectations. The CPI is up 3.7% from a year ago, driven by a surge in energy prices which are up 20.4% from a year ago. Following the hot CPI report, the market implied probability of an October rate hike jumped from 24% to 33%. Bonds rallied again on Thursday after a selloff led by technology and AI stocks sent investors toward safe-haven bonds. In other economic news, September existing home sales increased 1.5% to a 3.990 million annual rate. Sales remain disappointing despite the small gain as the recent jump in mortgage rates is keeping potential buyers on the sidelines. September retail sales increased 0.8% and are up 6.3% versus a year ago. The Producer Price Index ("PPI") rose 1.3% in September, well above the consensus expected 0.6%. Producer prices surged across the board and delivered the largest monthly gain since 2022. September industrial production increased 0.7% in September, easily beating the consensus expected gain of 0.4%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: September Housing Starts (1300k, 1275k); Wednesday: October 16 MBA Mortgage Applications (n/a, -2.7%); Thursday: October 17 Initial Jobless Claims (200k, 199k), September Leading Index (-0.1%, -0.1%); Friday: October Preliminary S&P Global US Manufacturing PMI (55.5, 55.9), October Final University of Michigan Consumer Sentiment (46.3, 46.3).

| US Equities               |                    |                          |                                                       |
|---------------------------|--------------------|--------------------------|-------------------------------------------------------|
| Weekly Index Performance: |                    | Market Indicators:       |                                                       |
| The Dow®                  | 52,002.41 (0.67%)  | Strong Sectors:          | Consumer Staples, Energy, Health Care                 |
| S&P 500®                  | 7,659.44 (-1.94%)  |                          |                                                       |
| S&P MidCap 400®           | 3,615.78 (-1.45%)  | Weak Sectors:            | Info Tech, Cons Discretionary, Communication Services |
| S&P SmallCap 600®         | 1,653.50 (-1.16%)  |                          |                                                       |
| Nasdaq Composite®         | 26,140.03 (-4.48%) | NYSE Advance/Decline:    | 1,411 / 1,393                                         |
| Russell 2000®             | 2,721.37 (-3.04%)  | NYSE New Highs/New Lows: | 143 / 481                                             |
|                           |                    | AAll Bulls/Bears:        | 38.7% / 41.6%                                         |

Volatility gripped the markets last week as the S&P 500 traded lower by almost 2%. Wednesday's CPI came in higher than expected, sending stocks lower by over 1% to close out the session. Despite the broad index selloff, over 350 names in the S&P 500 posted positive returns last week. Technology names were among the worst performing groups as big tech stocks that have led the market for most of the year sold off. **Advanced Micro Devices**, **Nvidia**, and **Dell** all trended lower to close out the week. Defensive sectors caught a bid amid the tech selloff. Discretionary names also took a hit as budget conscious consumers adjust to higher inflation. Pizza chain **Domino's** reported lower-than-expected sales. The company's CEO noted that a lower ticket size, driven by fewer items ordered, put pressure on sales. Consumer Staples and Health Care names were some of the best performing groups in the S&P 500. **Walmart** and **Coca-Cola** both rose over 6%, while **Eli Lilly**, **CVS**, and **Medtronic** drove their respective sectors higher. Banks kicked off earnings season with mixed headlines. **JPMorgan** fell slightly on Tuesday after announcing a 90% reduction in share buybacks as CEO Jamie Dimon looks for alternative ways to deploy capital at the bank. The stock recovered throughout the week, ending up over 2%. Other banks reported lower trading revenues while offsetting the declines with gains in other profit centers. Looking ahead to next week, more earnings releases are scheduled throughout the week, along with economic reports on housing, building permits, mortgages, employment, and consumer sentiment.

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