

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.093 (-7.3 bps)	Bond Buyer 40 Yield:	5.36 (3 bps)
6 Mo. T-Bill:	4.282 (-6.9 bps)	Crude Oil Futures:	91.11 (-1.30)
1 Yr. T-Bill:	4.449 (0.3 bps)	Gold Spot:	4,141.19 (-143.62)
2 Yr. T-Note:	4.825 (-2.7 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.954 (2.3 bps)	US High Yield:	8.44 (25 bps)
5 Yr. T-Note:	5.054 (6.6 bps)	BB:	7.22 (25 bps)
10 Yr. T-Note:	5.271 (11.0 bps)	B:	8.56 (19 bps)
30 Yr. T-Bond:	5.619 (12.9 bps)		

Long-dated bond yields continued higher last week. The US 10-year Treasury yield reached as high as 5.3%, its highest level since 2002. The US economy grew faster than previously thought in the second quarter, with annualized growth revised up from 1.5% to 2.2%. The growth was driven by higher consumer spending and business investment, especially for the AI infrastructure buildout, and showed an economy on solid footing. Elsewhere, US manufacturing expanded in September for the ninth consecutive month, according to the ISM Manufacturing Index. The report showed growth in new orders, strong backlogs, and a pickup in hiring to meet demand. The report also showed an acceleration in input costs. Friday's jobs report showed the US economy added 29,000 jobs in September, which was below estimates, pointing to a subdued jobs market. Payrolls for both July and August were also revised lower, while the unemployment rate ticked up from 4.1% to 4.2%. Wage growth slowed, with average hourly earnings rising 0.1% in September over the prior month and 3% from a year ago. Bond yields fell after the report's release on speculation that the soft headline jobs numbers reduce the need for rate hikes from the Fed, although yields ultimately ended higher for the day. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: September ISM Services Index (55.0, 55.4); Tuesday: August Trade Balance (-\$102.0b, -\$88.6b); Wednesday: October 2 MBA Mortgage Applications (N/A, -6.0%); Thursday: October 3 Initial Jobless Claims (200k, 197k), August Final Wholesale Inventories MoM (0.7%, 0.7%); Friday: October Preliminary University of Michigan Sentiment (47.7, 48.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	51,176.96 (-1.25%)	Strong Sectors:	Info Tech, Energy
S&P 500®	7,722.72 (-0.25%)		Utilities
S&P MidCap 400®	3,668.01 (0.61%)	Weak Sectors:	Cons. Staples, Financials
S&P SmallCap 600®	1,685.75 (0.22%)		Health Care
Nasdaq Composite®	27,190.86 (0.46%)	NYSE Advance/Decline:	1,019 / 1,812
Russell 2000®	2,832.90 (-0.11%)	NYSE New Highs/New Lows:	72 / 757
		AAll Bulls/Bears:	34.6% / 46.5%

The S&P 500 fell 25 bps last week, a week which saw further rises in treasury yields and Brent crude remained above \$100. The end of geopolitical tensions caused by the conflict with Iran seems distant with the US announcing that it is sending a third aircraft carrier to the Middle East on Thursday. Information technology was a top-performing sector, driven largely by the strong performance of the semiconductor industry as Micron Technology announced strong earnings and raised estimates for FY27. High oil prices continue to be supportive for the energy sector. The utilities sector performed well as investors sought more defensive assets, and a weak jobs report on Friday had investors reevaluating their rate outlooks. Pharmaceuticals and biotechnology within the health care sector were hurt by the potential for higher funding costs. The selloff in the bond market and a focus on the AI trade hampered the financials sector. Turning to economic news, last week presented Conference Board Consumer Confidence data for September (81.9 vs 89.0 exp.), personal income (0.2% vs 0.5% exp.) and personal spending (0.9% as exp.) for August, JOLTS Job Openings (7079k vs 7228k exp.), PCE Price Index for August (0.3% as expected MoM and 3.0% vs 3.3% YoY), September's Change in Nonfarm Payrolls (29k vs 90k exp.), September Average Hourly Earnings (0.1% vs 0.3% exp. MoM and 3.0% vs 3.1% YoY exp.), September Unemployment (4.2% vs 4.1% exp.), and Factory Orders (0.1% vs 0.2% expected).). Expect the following economic data this week: ISM Services Index, the Trade Balance, Imports, Exports, and FOMC Minutes. On the earnings front, three members of the S&P 500 report earnings this week: **PepsiCo, Delta Air Lines, and Constellation Brands.**

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