

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.209 (1.3 bps)	GNMA (30 Yr) 6% Coupon:	105-16/32 (4.29%)
6 Mo. T-Bill:	2.405 (4.1 bps)	Duration:	4.00 years
1 Yr. T-Bill:	2.607 (4.4 bps)	Bond Buyer 40 Yield:	4.23 (-10 bps)
2 Yr. T-Note:	2.885 (6.6 bps)	Crude Oil Futures:	74.34 (1.09)
3 Yr. T-Note:	2.982 (9.9 bps)	Gold Spot:	1,203.63 (12.75)
5 Yr. T-Note:	3.069 (11.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	3.233 (17.2 bps)	U.S. High Yield:	6.65 (16 bps)
30 Yr. T-Bond:	3.404 (19.8 bps)	BB:	5.48 (15 bps)
		B:	6.91 (15 bps)

On Wednesday of last week private payrolls expanded more than anticipated and the ISM Non-Manufacturing Index rose to 61.6 for the month of September which outpaced an expected reading of 58. All major measures of activity were higher in the ISM Non-Manufacturing Index and because of the strong economic data bond yields rose meaningfully. The 10-year U.S. Treasury note reached levels not recorded since 2011. After flattening for an extended period, last week registered a sharp steepening of the yield curve. According to the current implied future probabilities, markets are pricing in one more rate hike for 2018 and two for next year. However, given the strength of U.S. economic data last week's yield spike could imply investors believe the Federal Reserve may have to take a more aggressive pace to raising interest rates. Crude Oil has also been rising over the past month as global demand remains robust and supply is not increasing as much as was anticipated. Last week ended with Friday's nonfarm payrolls increasing in September but lagging consensus expectations. The unemployment rate did decline to 3.7% for the month and represents a multi-decade low. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Wednesday: October 5 MBA Mortgage Applications (N/A, 0.0%), September PPI Final Demand (0.2%, -0.1%) and August final Wholesale Inventories (0.8%, 0.8%); Thursday: October 6 Initial Jobless Claims (210K, 207K); Friday: October preliminary University of Michigan Sentiment (100.6, 100.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	26,447.05 (0.00%)	Strong Sectors:	Energy, Utilities, Financials
S&P 500:	2,885.57 (-0.95%)	Weak Sectors:	Cons Disc, Real Estate, Comm Services, Info Tech
S&P Midcap:	1,967.99 (-2.54%)	NYSE Advance/Decline:	746 / 2,357
S&P Smallcap:	1,020.67 (-3.86%)	NYSE New Highs/New Lows:	169 / 649
NASDAQ Comp:	7,788.45 (-3.18%)	AAII Bulls/Bears:	45.7% / 25.1%
Russell 2000:	1,632.11 (-3.78%)		

Equities traded lower last week as small cap stocks (S&P Small Cap 600 Index: -3.86%) took the brunt of the hit relative to large cap stocks (S&P 500 Index: -0.95%). The S&P 500 index was up 40 basis points for the first three days of the week, but reversed course the last two days declining 1.34% with technology stocks leading the fall. Consumer discretionary stocks showed the worst performance for the week while financials showed strength. The September ADP National Employment Report announced the largest jump in jobs since February, showing evidence of strong hiring even with the declining US Unemployment Rate which currently sits at 3.7%. The strong employment numbers raised possible concerns of future interest rate hikes, causing an increase in treasury yields which had investors repricing assets with stocks sliding. US initial jobless claims of 207K were lower than the consensus estimate of 215K and the previous week's 214K. Crude oil prices closed the week at \$74.34 per barrel, increasing 1.49% for the week.

General Electric Company, a globally diversified industrial company, was the week's best performing stock in the S&P 500 Index returning 16.74%. The stock jumped on the termination announcement of their CEO, John Flannery, after months of poor performance. The stock declined over 51% for the previous twelve months through the end of September. **Super Micro Computer Inc.**, a designer and manufacturer of server motherboards, declined 41.12% last Thursday. Bloomberg Businessweek reported on the discovery of malicious microchips imbedded in the company's motherboards manufactured in China, which were designed to allow hackers access to unsuspecting US commercial and government servers. **Eli Lilly & Co.**, a large pharmaceutical company, climbed 7.18% last week. The stock jumped on Thursday after the company's positive announcement on their new diabetes drug. Among the companies reporting this week are **JPMorgan Chase & Co.**, **Wells Fargo & Co.**, **Citigroup Inc.**, **Walgreens Boots Alliance Inc.** and many others.

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