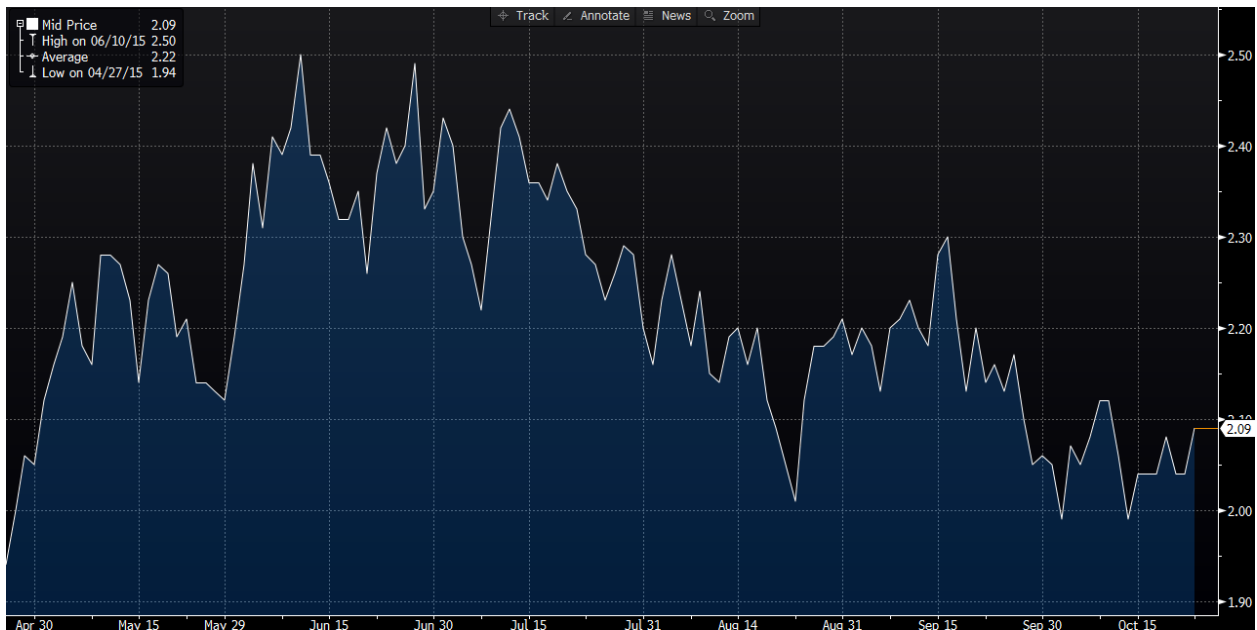
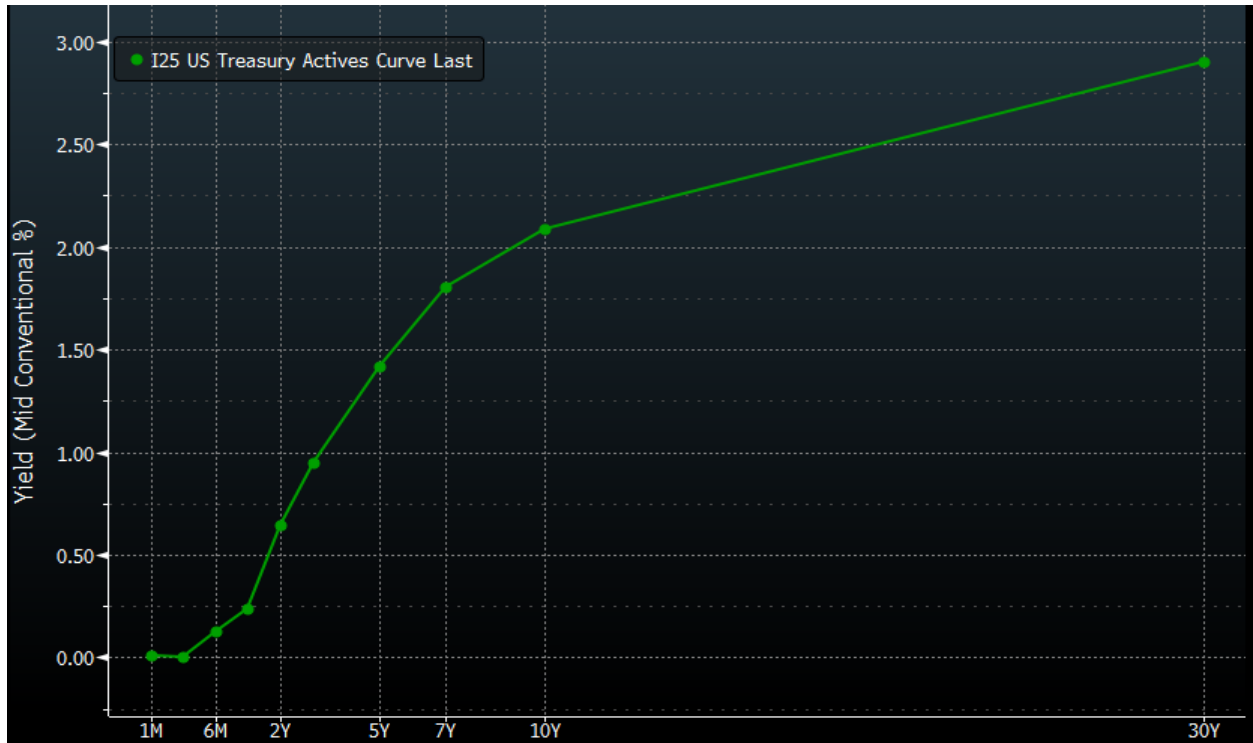


Bond Report

This Week, the yields rose as both comments from the ECB and the Chinese monetary easing made investors more confident to invest in riskier asset classes. The Chinese central bank decided to cut its interest rates to help the global stock market which made investors more likely to sell their US debt to buy stocks. On Thursday, Mario Draghi announced that the ECB will leave the interest rates unchanged and that it could implement more economic stimulus, in the ECB meeting, in December if the inflation is not robust enough in the Eurozone. The yields were also driven higher following the news that existing homes sales rose to the second highest monthly level since February 2007. If we take a look at the labour markets, the Labour Department stated that four week average people who ask for unemployment aids, fell drastically to its lowest level in forty years. These data released were considered as an indicator that the FED could raise its interest rates before the end of the year. The 10 year treasury note gained 5 bps from 2.03% to 2.08%. The 30-year Treasury note finished the week at 2.90% compare to 2.87% last week and among shorter maturities, the 2-year Treasury note increased by 3 bps from 0.61% to 0.64%.





What's next and key earnings:

On Monday October, 26th, the New Home Sales report will be released. We are expected a decrease of 0.6% in September since supply have been low at 4.7 months for the months of September. However, it does not decrease the outlook for what is expected to be a strong sector of the economy for the year 2016.

On Tuesday October, 27th, the Durable Good Orders will be released. It is expected to drop by 1% for the month of September. This would provide an estimation of the orders; a more complete report, the factory orders report, will be released early in November.

On Wednesday, October 28th, there will be the FOMC meeting announcement. This meeting happened approximately every 6 weeks and is very influential for the market. Indeed, it will determine the short-term interest rates, the fed rates, and the FED announcement concerning its policy decision.

On Thursday, October 29th, the GDP for Q3 will be released. It is expected to slow to a positive 1.7% after a 3.9% increase in Q2 since both net exports and non-residential fixed investment are expected to be negatives for this quarter. On the same day, the Jobless Claims report will be released. It is expected to see an increase to 265,000 from 259,000 in the October 17 week.

On Friday, October 30th, the Personal Income and Outlays report will be released. It is expected to slow from 0.3% to 0.2% for the month of September.