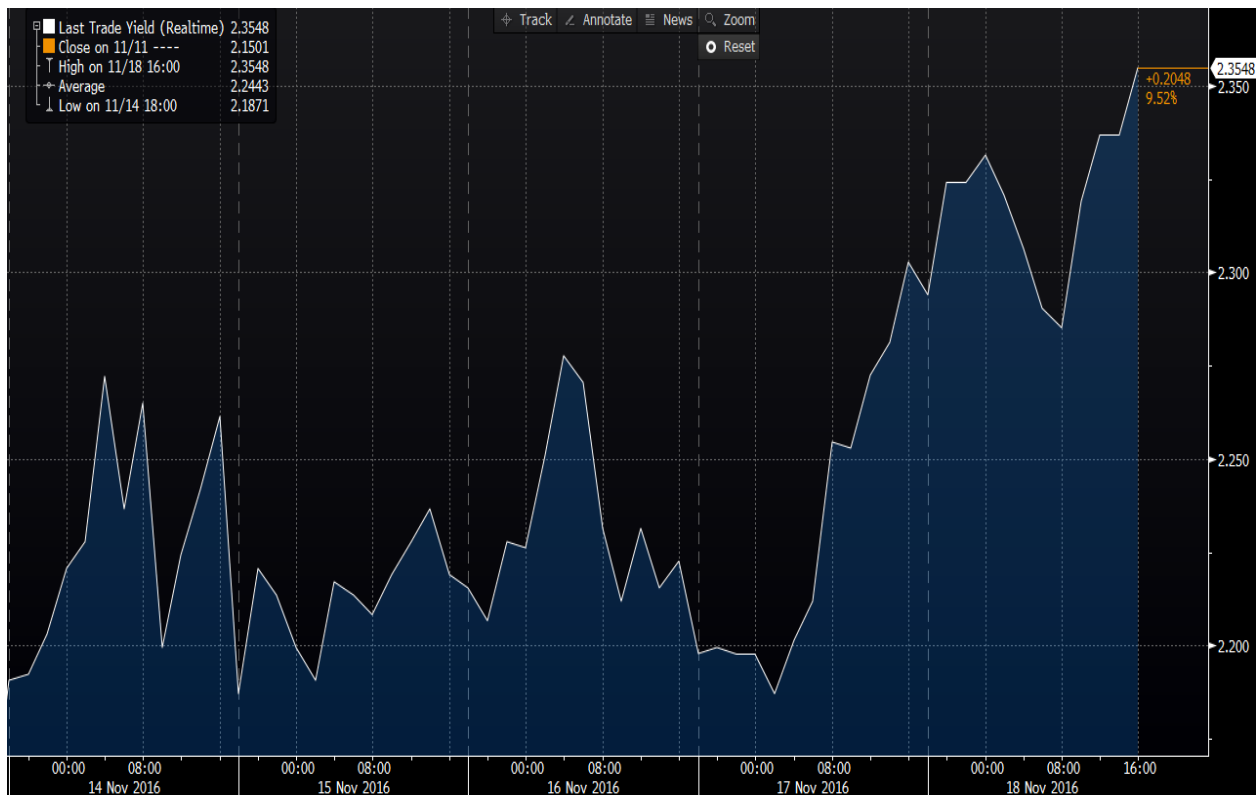
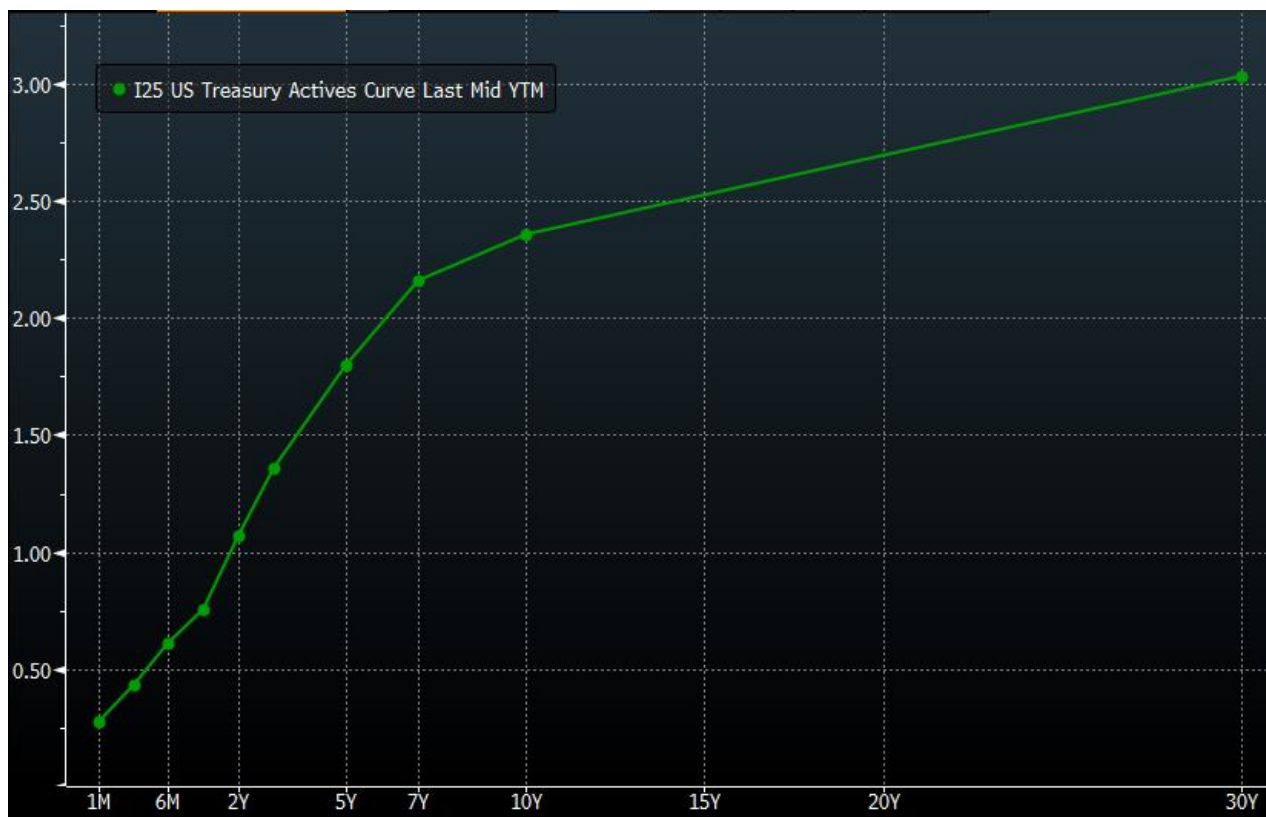


## Bond Report

Treasury prices continue to be under downward pressure driven by expectations of economic stimulus by the Trump Administration. The 2-year Treasury yield ends the week at 1.058% while the 10 Year yield is up to 2.337% and the 30 year up to 3.017. Investors are leaving the safety of Treasury bills and other fixed income securities to take advantage of the economic stimulus by investing in equities. Infrastructure spending by the government means higher supply of Treasuries and higher yields which have been steadily rising since the outcome of the election last week because of new inflation outlook and interest rates which will most likely begin to rise in December. Many believe the bond sell off is not done yet because if inflation starts to happen faster than expected, bond prices will fall further. Fed Chairwoman Janet Yellen's hawkish remarks drove bond prices down later in the week as she states that a rate increase will happen relatively soon given that upcoming economic data will provide them with enough evidence of an improving economy. Yields end the week higher on the inflation trend. Near certainty that fed will raise rates.





### Key Events and what to look for:

The President elect continues to influence investor sentiment which is what caused most of the declining bond prices; continuing into this week Trump will announce more cabinet members which will have investors' attention. Positive inflation for the month of October and improving new home construction help FED Chairwoman Yellen's case of raising rates in December. In the coming week, there are several indicators investors will be waiting for. Existing Home Sales, Jobless claims, New Home Sales, and the Bloomberg Consumer Comfort Index should give us an idea of major consumer spending trends and outlook. The PMI Manufacturing index, Durable goods orders, and International Trade in goods should indicate that we are on a trend of improving economic health. Lastly, on Wednesday the Federal Open Market Committee will give us their economic outlook in the FOMC Minutes.