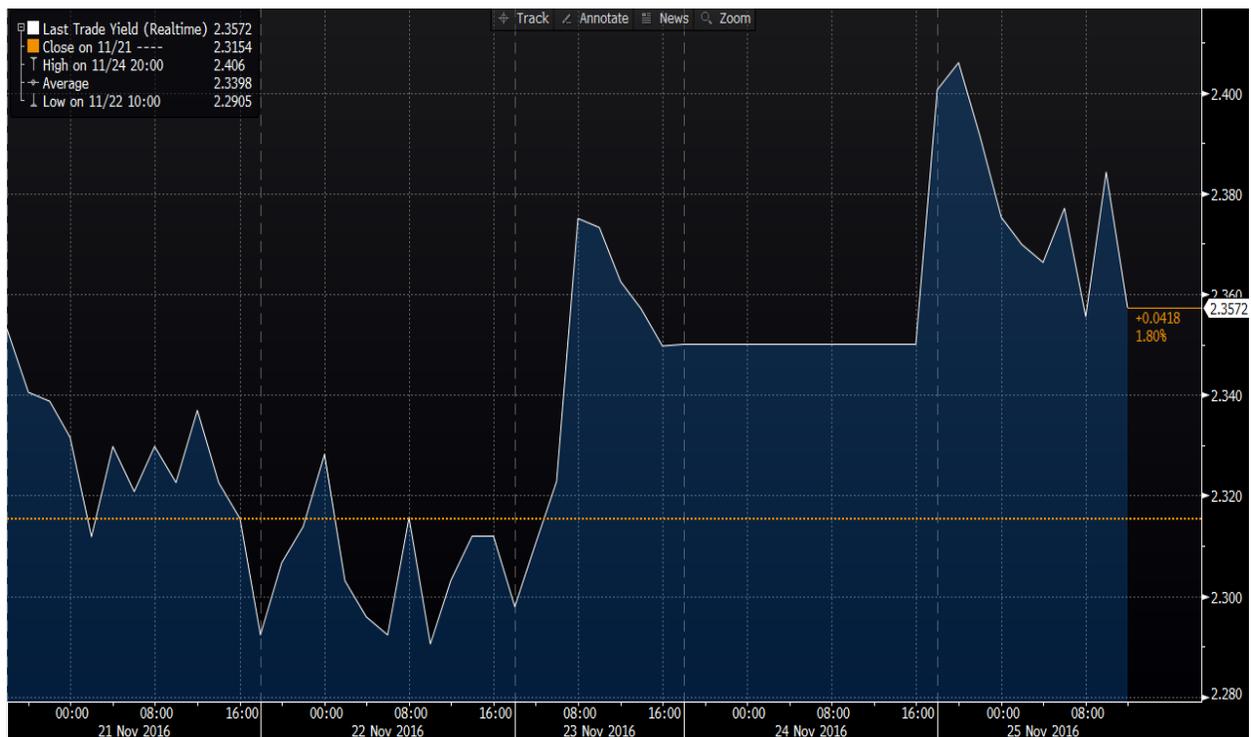
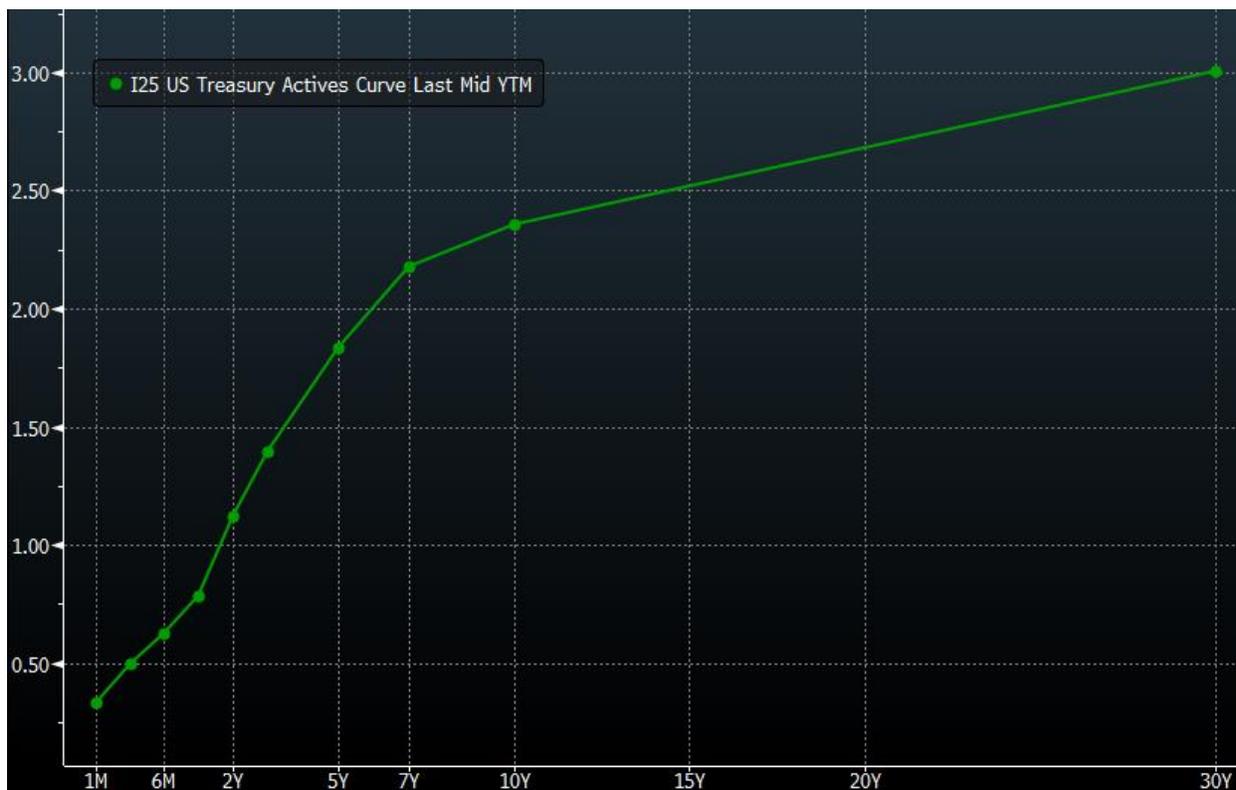


Bond Report

This week, the Treasuries selloff that has been observed over the past weeks has continued, with treasury yields nearing 18-month levels. However, yields did not move dramatically, mainly due to the shortened week in the bond market due to Thanksgiving and Black Friday. On Monday, the Treasuries finally stabilized, as the selloff took a break after two weeks of record moves following Donald Trump's election. Analysts even warned that the massive price and yield adjustment is mainly due to speculation, and that it could reverse if Trump's actions were to differ from expectations. On Tuesday, as long term Treasuries yields (10, 30 years) marginally fell, yields on shorter term Treasuries kept on increasing, mostly as a scale back from the previous weeks' strong steepening. However, data showing that new home sales in October were close to their 10-year high contributed to raise yields. On Wednesday, in spite of weaker than expected economic data, long-term Treasury yields increased again. However, most think the selloff was due to limited liquidity, as the session was thinly traded ahead of Thanksgiving holiday, rather than new economic data or information. 10-year Treasury yields ended the session at a 16-month high at 2.355%. Eventually, on Friday shorter-than-usual session, yields did not move a lot, as most investors focused on the rising political uncertainty in Europe. French Republican primary vote, as well as the upcoming Italian referendum were of more interest than the US market to the investors on Friday. Consequently, yields remained around their highest level since July of last year. The 2-year Treasury Note ended the week at 1.114%, while the yield on 10-year Treasury ended at 2.357%, and the 30-year Treasury bond at 3.006%.





Key Events and what to look for:

Within the next weeks, the main focus of the market will be declarations of president elect Trump, as his policies are expected to differ significantly from his predecessor's. Also, the Federal Reserve is expected to announce an interest rate hike shortly, and investors will be looking at this. In the next few days, several data releases are expected. First, on Tuesday morning, a second estimate of Q3 GDP growth quarter-over-quarter will be released. Improved retail sales in the back half of the quarter led consensus expectations to be around 3.1%, up 0.2% from prior expectations. Later in the day, Consumer Confidence level for November will be expected. After rising for months, it had fell to 98.6 in October ahead of the presidential election. November results are expected to be higher, between 99.6 and 104.5. Later in the week, different reports will be expected, such as ADP Employment Report and MBA Mortgage Applications on Wednesday, or Jobless Claims on Thursday.