

**HEADLINE NEWS**
**Relief Rally**

- Risk assets got off to a good start this week, rebounding from modest losses last week. The S&P 500 recorded an all-time closing high Monday afternoon despite the lack of any distinct positive events. Investors apparently bid up the market on two things that did not happen over the weekend. First, while Hurricane Irma did wreak havoc on parts of Florida, it did not hit Miami directly and weakened to a tropical depression earlier than anticipated leading to lower than expected estimated losses. Second, and more important in our opinion, was the lack of a missile test from North Korea, which some investors believed would coincide with the country's national holiday over the weekend. One of the major risks facing the stock market recently has been saber-rattling from the Kim regime and the fear of escalating tensions with North Korea. In addition, the United Nations announced sanctions against North Korea Monday night in response to recent nuclear tests. Despite the sanctions being less severe than anticipated (a decision to get buy-in from Russia and China), the lack of a bellicose response from leader Kim Jong-un added to the positive sentiment around stocks.

**Impact of Hurricanes on Municipal Bonds**

- Although it is too early to determine the financial and operational impacts of both Harvey and Irma, the municipal market has a strong history of avoiding severe credit deterioration in the face of natural disasters. Moody's indicates that they have not had one public finance issuer default due to a natural disaster in the firm's history. There will be short-term challenges for the effected regions, but proactive measures by state and federal officials should support local governments for an extended period. Disruptions to operations are typically covered by liquidity reserves and reimbursed by insurance payments and state grants. The rebuild and recovery phase is similarly boosted by federal and state aid, along with private charitable donations. As estimates for losses materialize and governments respond to the near-term disruptions, we will continue to monitor potential challenges for state and local governments in the affected areas.

**NOTABLE EARNINGS DUE THIS WEEK**

DATE	TIME	TICKER	COMPANY NAME
9/14	04:00 PM	ORCL-US	Oracle Corp.

Source: FactSet and API

**KEY MACROECONOMIC DATA DUE THIS WEEK**

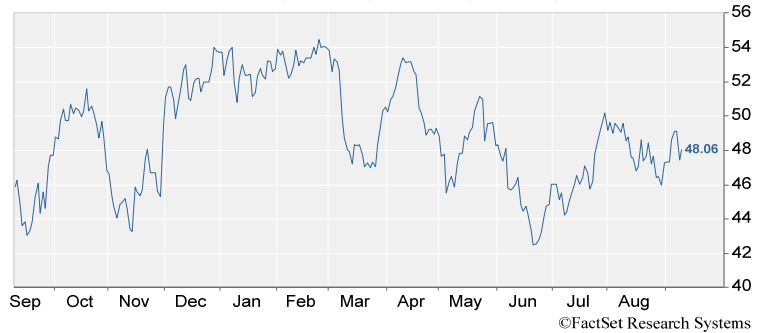
DATE	TIME	EVENT	PERIOD	CONSENSUS	PRIOR
9/14	08:30 AM	CPI ex-Food & Energy SA M/M	AUG	0.20%	0.10% R
9/14	08:30 AM	CPI SA M/M	AUG	0.30%	0.10% R
9/14	08:30 AM	Initial Claims SA	09/09	300K	298.0K
9/15	08:30 AM	Retail Sales SA M/M	AUG	0.20%	0.60%
9/15	01:00 PM	Baker Hughes U.S. Rotary Oil Rigs	09/15		756

Source: FactSet and API

**S&P 500**

**WTI Crude Oil Spot Price (\$/barrel)**

Max: 54.48 (23-FEB-17), Min: 42.48 (21-JUN-17), Last: 48.06 (11-SEP-17)


**US 10Y Treasury Yield**

**INDEX RETURNS (AS OF 9/8/2017)**

	MTD	YTD
S&P 500	-0.38	11.51
Dow Jones Ind. Avg.	-0.64	12.29
Barclays MM Short 1-5 Yr.	0.06	2.97
Barclays MM 1-10 Yr.	0.17	4.81
ML US Gov/Corp 1-10 Yr.	0.25	2.64

Source: Interactive Data

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