

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.53 (+07 bps)	GNMA (30 Yr) 6% Coupon:	114-11/32 (1.01%)
6 Mo. T-Bill:	0.63 (+03 bps)	Duration:	4.20 years
1 Yr. T-Bill:	0.85 (+08 bps)	Bond Buyer 40 Yield:	4.29 (-14 bps)
2 Yr. T-Note:	1.13 (+04 bps)	Crude Oil Futures:	51.50 (-0.18)
3 Yr. T-Note:	1.42 (+04 bps)	Gold Spot:	1,159.40 (-15.70)
5 Yr. T-Note:	1.89 (+07 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.47 (+08 bps)	U.S. High Yield:	6.55% (-26 bps)
30 Yr. T-Bond:	3.15 (+09 bps)	BB:	4.98% (-20 bps)
		B:	6.50% (-26 bps)

U.S. Treasury yields rose last week as the European Central Bank signaled it would scale down bond purchases. The U.S. trade deficit widened to a four month high in October coming in at \$42.6 billion, slightly larger than the consensus expected \$42.0 billion. Despite trade adding significantly to GDP growth in the third quarter, strong gains in exports appear to have been temporary and likely will be a drag on GDP for the fourth quarter. U.S. Government bonds fell on Thursday after the European Central Bank signaled it would scale down bond purchases in 2017. Initial jobless claims fell last week further supporting the notion of a healthy job market. A tighter labor market has put a premium on skilled and experienced workers, helping explain why companies are retaining existing employees. The wholesale inventories report remained relatively unchanged but showed the biggest increase in sales since June. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: November NFIB Small Business Optimism (96.6); Wednesday: December 9th MBA Mortgage Applications, November Retail Sales Advance (0.3% MoM), November PPI Final Demand (0.1% MoM), November Industrial Production (-0.2% MoM), December 14th FOMC Rate Decision (Upper Bound); Thursday: December Empire Manufacturing (3.0), November CPI (0.2% MoM), December 10th Initial Jobless Claims (9.0), December Markit US Manufacturing PMI (54.1); Friday: November Housing Starts (1230k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	19,756.85 (3.13%)	Strong Sectors:	Financials, Information Tech, Telecom Services
S&P 500:	2,259.53 (3.13%)	Weak Sectors:	Health Care, Industrials, Energy
S&P Midcap:	1,692.98 (4.22%)	NYSE Advance/Decline:	2,451 / 666
S&P Smallcap:	857.50 (5.97%)	NYSE New Highs/New Lows:	676 / 94
NASDAQ Comp:	5,444.50 (3.60%)	AAII Bulls/Bears:	43.1% / 26.5%
Russell 2000:	1,388.07 (5.64%)		

Last week the S&P 500 Index advanced further returning 3.13% and showed gains in all five days of trading. The S&P 500 Index has returned 12.87% YTD 2016 and has returned 8.65% since its fourth quarter low on November 4. The index's fourth quarter performance is currently on pace to continue the trend of outperforming the previous quarter's performance as evidenced throughout 2016 (QTD +4.67%, 3Q +3.85%, 2Q +2.46%, 1Q +1.35%). Stocks opened up on Monday following strength in European trading. The financials, information technology and consumer discretionary sectors led the pack as the S&P 500 Index returned 0.59%. Stocks climbed 34 basis points Tuesday on positive economic news with durable goods orders reporting higher than expected and the highest nonfarm productivity number since third quarter 2014. The index had its best day of the week on Wednesday as it returned 1.34% recording a new all-time closing high. Investors continued to show their optimism after the election with expectations for the coming year in job growth and a strengthening economy. Equity markets increased slightly on Thursday returning 23 basis points on the index, but increased enough to post a new high. US initial jobless claims of 258K were higher than the consensus estimate of 255K, but lower than the previous week's 268K. On Friday, the University of Michigan Consumer Sentiment Index reported well above expectations with the highest number since January 2015. Stocks advanced as the S&P 500 Index returned 0.59% and posted a new all-time closing high for the third straight day. Crude oil closed the week at \$51.50 a barrel, declining 0.35% from the previous week's close. All eleven economic sectors had positive performance for the week. The financials sector was the best performing sector with a 4.86% return. The information technology and telecommunications services sectors followed with 4.25% and 3.84% returns, respectively. The health care sector's 0.66% return was the worst performance of all the sectors and was followed by industrials and energy which returned 1.91% and 2.30%, respectively. **Under Armour Inc.**, a developer and distributor of branded performance apparel and accessories, turned in the best performance in the S&P 500 Index with a 16.31% gain. The next two best performers were **BorgWarner Inc.** and **Transocean Ltd.** with returns of 16.05% and 15.51%, respectively.