US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	1.554 (2.3 bps)	GNMA (30 Yr) 6% Coupon:	110-07/32 (2.76%)
6 Mo. T-Bill:	1.557 (1.5 bps)	Duration:	3.74 years
1 Yr. T-Bill:	1.547 (2.8 bps)	Bond Buyer 40 Yield:	3.57 (-1 bps)
2 Yr. T-Note:	1.559 (-1.1 bps)	Crude Oil Futures:	58.54 (-0.50)
3 Yr. T-Note:	1.567 (-1.6 bps)	Gold Spot:	1,557.24 (-5.10)
5 Yr. T-Note:	1.619 (-1.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.821 (0.2 bps)	U.S. High Yield:	5.89 (-8 bps)
30 Yr. T-Bond:	2.281 (0.2 bps)	BB:	4.29 (-6 bps)
		B:	5.98 (-8 bps)

On Thursday of last week, the U.S. Treasury department announced that it intends to issue 20-year nominal coupon bonds in the second half of this year. Increasing government debt levels necessitate that the Treasury department review options for additional funding. While the Treasury department has not indicated an interest in adding ultra-long dated maturities, such as a 50 or 100-year issuance, it is actively exploring the possibility. It believes that 20-year bonds can help increase the length of outstanding debt but within the current term structure. Short-dated yields rose last week as strong economic data decreased interest in safe assets. In particular, Friday's Housing Starts data showed a nearly 17% increase in December was well ahead of expectations. All regions registered a gain for the month amid broad based builder activity. Also last week we saw consumer prices and producer prices rise for the month of December. December Retail Sales were up 0.3% which was in-line with expectations with only autos registering a decline. This was the largest monthly gain since 2016. Oil continued to decline last week as the U.S. and Iranian hostilities did not continue to escalate. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include Wednesday: January 17 MBA Mortgage Applications (N/A, 30.2%) and December Existing Home Sales (5.43M, 5.35M); Thursday: January 18 Initial Jobless Claims (214k, 204k), December Leading Index (-0.2%, 0.0%); Friday: Markit January preliminary US Manufacturing PMI (52.5, 52.4).

US Equities

Weekly Index Performance:		Market Indicators:	
DJIA:	29,348.10 (1.84%)	Strong Sectors:	Utilities, Information Tech, Materials
S&P 500:	3,329.62 (1.99%)		
S&P Midcap:	2,095.55 (2.71%)	Weak Sectors:	Energy, Consumer Disc, Financials
S&P Smallcap:	1,039.28 (2.82%)		
NASDAQ Comp:	9,388.94 (2.29%)	NYSE Advance/Decline:	2,114 / 914
Russell 2000:	1,699.64 (2.54%)	NYSE New Highs/New Lows:	631 / 40
		AAII Bulls/Bears:	41.8% / 27.5%

Stocks closed out another week at all-time highs. Positive economic data from the U.S. and China coupled with easing trade tensions gave market participants a clearer outlook of 2020. With trade in the rear-view mirror, for now, investors are focused on corporate profits and management's outlook for the year. Outside of the U.S., emerging market stocks rallied for the seventh straight week of gains. On the back of the gains in emerging markets, **Albermarle Corp** returned over 12% last week after China signaled it would not cut subsidies for electric vehicles. The company's main line of business is the production of lithium, a key component in batteries used in electric vehicles. Back in the states, **Morgan Stanley** reported a better than expected quarter. The CEO, James Gorman, is keeping costs under control with a move to reduce the company's global workforce by 2% and suppressing accelerated promotions. **Wells Fargo** and **The Bank of New York Mellon** also reported last week. The two companies rounded out the bottom performing holdings in the S&P 500 after struggling to keep deposit costs down. From the sector perspective, both growth and defensive stocks sat at the top of the leader board. Utilities and Technology stocks were both up around 3% for the week as the S&P 500 index moved up 1.99%. The lone negative sector, at about -1%, was Energy after oil moved lower by about a half of a percent. Looking ahead to next week, 43 more earnings reports will be released by S&P 500 companies. On the economic calendar, home sales and jobs numbers will shape investors' views.