

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.071 (-0.5 bps)	GNMA (30 Yr) 6% Coupon:	109-15/32 (3.26%)
6 Mo. T-Bill:	0.081 (unch)	Duration:	3.60 years
1 Yr. T-Bill:	0.091 (unch)	Bond Buyer 40 Yield:	3.46 (-1 bps)
2 Yr. T-Note:	0.121 (-1.2 bps)	Crude Oil Futures:	52.27 (-0.09)
3 Yr. T-Note:	0.186 (-1.8 bps)	Gold Spot:	1,855.61 (+27.16)
5 Yr. T-Note:	0.431 (-1.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.086 (0.2 bps)	U.S. High Yield:	4.90 (-2bps)
30 Yr. T-Bond:	1.847 (1.3 bps)	BB:	3.79 (0 bps)
		B:	5.32 (-2 bps)

US Treasury bond yields were mixed last week. The shorter-dated yields pulled back while the longer-end of the yield curve gained over the course of the holiday-shortened week. The long end of the yield curve steepened on Tuesday in reaction to the Senate's confirmation hearing of former Federal Reserve Chairman Janet Yellen for Treasury Secretary. Yellen mentioned she was open to the idea of adding a 50-year Treasury bond, something the Trump administration considered. Treasury yields were mostly down on Wednesday as Joe Biden was sworn in as the 46<sup>th</sup> President of the United States, making further fiscal stimulus all but inevitable. The week wrapped up with the release of data supporting the continued strength of the housing market. Housing starts increased 5.8% in December, while existing home sales increased 0.7% in December, good for a 22.2% increase versus existing home sales a year ago. Though existing home sales face inventory headwinds going forward. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: November FHFA House Price Index MoM (0.6%, 1.5%), January Conference Board Consumer Confidence (89.2, 88.6); Wednesday: January 22 MBA Mortgage Applications (N/A, -1.9%), December Preliminary Durable Goods Orders (0.9%, 1.0%), January 27 FOMC Rate Decision (Upper Bound) (0.25%, 0.25%); Thursday: December Preliminary Wholesale Inventories MoM (N/A, 0.0%), 4Q Advance GDP Annualized QoQ (4.4%, 33.4%), January 23 Initial Jobless Claims (878k, 900k), December Leading Index (0.3%, 0.6%), December New Home Sales (860k, 841k); Friday: December Personal Income (0.1%, -1.1%), December Personal Spending (-0.5%, -0.4%), 4Q Employment Cost Index (0.5%, 0.5%), January MNI Chicago PMI (58.0, 59.5), December Pending Home Sales MoM (-0.8%, -2.6%), January Final University of Michigan Sentiment (79.2, 79.2).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,996.98 (+0.63%)	Strong Sectors:	Comm Services, Info Tech, Real Estate
S&P 500:	3,841.47 (+1.96%)	Weak Sectors:	Energy, Financials, Materials
S&P Midcap:	2,462.53 (+1.59%)	NYSE Advance/Decline:	1,020 / 2,144
S&P Smallcap:	1,231.70 (+1.64%)	NYSE New Highs/New Lows:	489 / 13
NASDAQ Comp:	123,543.06 (+4.19%)	AAll Bulls/Bears:	42.5% / 34.5%
Russell 2000:	2,168.76 (+2.15%)		

The S&P 500 moved higher on the week on a resurgence in big technology shares despite fears the new virus strain could be deadlier, and Democrats may need to slim down the next round of stimulus. Economic datapoints continued to surprise to the upside with the PMI, housing starts and existing home sales all coming in above consensus. In addition to strengthening economic figures, earnings season is off to a strong start. **Netflix Inc.** shares jumped over 13% for the week due to strong subscriber growth and cash flow guidance. The rest of big technology followed the streaming giant's success, posting its best week in months as investors had been favoring smaller caps and cyclicals. Despite strong results, both **Morgan Stanley Inc.** and **Goldman Sachs Group Inc.** traded lower as last year's trading surge is unlikely to be repeated. The biggest movers on the week were names favored by individual investors that also have significant short interest. Shares of **GameStop Corp.**, **Palantir Technologies Inc.** and **Stitch Fix Inc.** gained 83%, 27% and 31% respectively for the week. On tap next week is a bevy of earnings announcements including, **Apple Inc**, **Microsoft Corp.**, **Facebook Inc.**, **Tesla Inc.** and **Abbott Labs**. Investor focus will also be on the January FOMC meeting, durable goods orders, and the first release of 4Q GDP. As we look into 2021, equities could continue to post record-highs on the back of loose monetary policy and a resurgent economy. However, many risks are bubbling up as valuations rise to extremes in certain segments of the market and risk-taking across many investors is becoming more prevalent.

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