

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.398 (2.9 bps)	Bond Buyer 40 Yield:	4.37 (-1 bps)
6 Mo. T-Bill:	5.343 (1.7 bps)	Crude Oil Futures:	76.49 (-2.70)
1 Yr. T-Bill:	4.995 (4.4 bps)	Gold Spot:	2,035.40 (21.81)
2 Yr. T-Note:	4.690 (4.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.451 (3.5 bps)	US High Yield:	7.96 (-8 bps)
5 Yr. T-Note:	4.280 (0.6 bps)	BB:	6.63 (-5 bps)
10 Yr. T-Note:	4.248 (-3.1 bps)	B:	8.02 (-8 bps)
30 Yr. T-Bond:	4.370 (-6.5 bps)		

The Treasury yield curve flattened further as short-term yields rose moderately while long-term yields dropped moderately over the course of the week on a strong equity market that fueled speculation that the Federal Reserve Bank would not cut rates as aggressively as previously anticipated. Treasury yields began the week rising moderately as investors continued to debate if there would even be a rate cut during either of the next two Fed meetings, or even if the central bank could raise the Fed Funds Rate again. The yield curve flattened on Thursday as Nvidia reported strong earnings and guidance, causing a rally in the equity markets and investors to speculate that the economy may be running too hot for the Fed to cut rates. On Friday, economists at Goldman Sachs gave the view that the Fed would not cut rates until the June meeting. The market implied Fed Funds Rate for the end of 2024 rose during the week from 4.46 to 4.51 as the market implied probability of a rate cut during the March 20<sup>th</sup> meeting dropped to just 2.0%. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: January New Home Sales (684k, 664k); Tuesday: January Prelim. Durable Goods Orders (-5.0%, 0.0%), February Conf. Board Consumer Confidence (115.0, 114.8); Wednesday: February 23 MBA Mortgage Applications (n/a, -10.6%), 4Q Second GDP Annualized (3.3%, 3.3%); Thursday: January Personal Income (0.4%, 0.3%), January Personal Spending (0.2%, 0.7%), February 24 Initial Jobless Claims (209k, 201k), February MNI Chicago PMI (48.0, 46.0); Friday: February Final S&P Global US Manufacturing PMI (n/a, 51.5), February Final U. of Michigan Sentiment (79.6, 79.6), February ISM Manufacturing (49.5, 49.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow <sup>®</sup> :	39,131.53 (1.30%)	Strong Sectors:	Consumer Staples, Materials, Information Technology
S&P 500 <sup>®</sup> :	5,088.80 (1.68%)	Weak Sectors:	Energy, Real Estate, Utilities
S&P MidCap 400 <sup>®</sup> :	2,858.02 (1.08%)	NYSE Advance/Decline:	1,675 / 1,233
S&P SmallCap 600 <sup>®</sup> :	1,295.48 (-0.70%)	NYSE New Highs/New Lows:	393 / 80
Nasdaq Composite <sup>®</sup> :	15,996.82 (1.41%)	AAll Bulls/Bears:	44.3% / 26.2%
Russell 2000 <sup>®</sup> :	2,016.69 (-0.77%)		

The S&P 500 Index returned 1.68% last week, posting gains three out of the four trading days in the shortened holiday week in observation of President's Day. The index posted another all-time closing high on Friday at 5,088.80, as it continues its positive momentum in 2024. The index is up 6.91% YTD, posting only two negative weeks and gains of over 100 basis points in each of the other six weeks. Expectations that the Federal Reserve would begin to cut rates sooner rather than later have begun to decline as core CPI YOY has remained close to 4% for the last several months and the US Core Personal Consumption Expenditure Price Index is expected to rise again in January. Economic data like this would normally weigh on the markets as the Fed has eluded that they will not lower rates until they believe inflation is headed down towards their 2% target. However, equities have rallied as economic strength is expected to continue on a strong jobs market and continued consumer spending. U.S. initial jobless claims of 201K last week were lower than the 216K expected and the previous week's 212K. **Garmin Ltd.**, **Quanta Services Inc.**, and **Discover Financial Services** were the three best performers in the S&P 500 Index last week, returning 10.89%, 10.85%, and 10.79% respectively. **Garmin Ltd.** and **Quanta Services Inc.** both jumped after positive earnings releases, while **Discover Financial Services** jumped on the announcement of their acquisition by **Capital One Financial Corp** in a \$35 billion stock transaction. **NVIDIA Corp** returned 8.54% last week as the semiconductor company also reported beating expectations. The company's stock has continued to climb over the last year as artificial intelligence continues to help push the chipmaker higher. The company is now the third largest in the S&P 500 Index by market capitalization. Earnings announcements expected this week include **Salesforce Inc.**, **Lowe's Companies Inc.**, **American Tower Corp**, **The TJX Companies Inc.**, **Republic Services Inc.**, **Monster Beverage Corp**, **Autodesk Inc.**, **AutoZone Inc.**, **Sempra**, **Constellation Energy Corp**, **Agilent Technologies Inc.**, **Fidelity National Information**, and many more.

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