

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.664 (3.4 bps)	Bond Buyer 40 Yield:	4.84 (6 bps)
6 Mo. T-Bill:	3.629 (1.6 bps)	Crude Oil Futures:	61.07 (1.63)
1 Yr. T-Bill:	3.535 (-2.7 bps)	Gold Spot:	4,987.49 (391.40)
2 Yr. T-Note:	3.594 (0.8 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.659 (0.6 bps)	US High Yield:	6.95 (-1 bps)
5 Yr. T-Note:	3.825 (0.9 bps)	BB:	5.86 (+1 bps)
10 Yr. T-Note:	4.225 (0.2 bps)	B:	7.21 (-1 bps)
30 Yr. T-Bond:	4.826 (-1.0 bps)		

Treasury yields rose sharply early in the week amid geopolitical tensions and tariff threats but later declined as those concerns eased, leaving yields relatively unchanged by week's end. US mortgage applications for home purchases jumped 14.1% last week, reaching their highest level since January 2023. The surge was driven by lower borrowing costs, with mortgage rates falling to their lowest point since September 2024. The economy posted strong headline growth in Q3, with real GDP revised up to a 4.4% annual rate, the fastest in two years. The increase reflected gains in inventories, business investment (primarily structures), and net exports, which helped offset softer homebuilding and consumer services. Core GDP rose at a 2.9% annual rate, consistent with its long-term pre-COVID trend. Overall real GDP is up 2.3% from a year earlier, slightly below but near its pre-pandemic peak of 2.4%. Personal income rose 0.3% in November, coming in slightly below the consensus forecast of a 0.4% increase. Personal consumption climbed 0.5%, in line with expectations. Over the past year, personal income has grown 4.3%, while consumer spending has risen 5.4%. Growth was driven largely by private-sector wages and salaries, which increased 0.4% in November after a 0.5% gain in October. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: November Preliminary Durable Goods Orders (3.8%, -2.2%); Tuesday: January Conference Board Consumer Confidence (90.6, 89.1); Wednesday: January 23<sup>rd</sup> MBA Mortgage Applications (N/A, 14.1), January 28<sup>th</sup> FOMC Rate Decision (Upper Bound) (3.75%, 3.75%); Thursday: January 24<sup>th</sup> Initial Jobless Claims (205k, 200k), November Trade Balance (-\$44.2b, -\$29.4b), November Factory Orders (1.6%, -1.3%), November Final Durable Goods Orders (N/A, N/A), November Final Wholesale Inventories MoM (0.2%, 0.2%); Friday: December PPI Final Demand MoM (0.2%, 0.2%), January MNI Chicago PMI (43.5, 43.5).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	49,098.71 (-0.50%)	Strong Sectors:	Energy, Materials
S&P 500®	6,915.61 (-0.34%)		Health Care
S&P MidCap 400®	3,486.72 (-0.54%)	Weak Sectors:	Utilities, Real Estate
S&P SmallCap 600®	1,563.30 (-0.40%)		Financials
Nasdaq Composite®	23,501.24 (-0.06%)	NYSE Advance/Decline:	1,401 / 1,405
Russell 2000®	2,669.16 (-0.32%)	NYSE New Highs/New Lows:	437 / 76
		AAll Bulls/Bears:	43.2% / 32.7%

Stocks fell 34 basis points last week as world leaders wrapped up their time in Davos. The shortened trading week started with market optimism as Trump indicated that he would not resort to the use of force with regards to Greenland and a deeper cooperation between the Danish territory and the US was announced. Energy topped other sectors as global tensions decreased and firm economic data was released. Gold continued to climb towards \$5000 an ounce and silver prices broke \$100 per ounce while the US dollar weakened, supportive for the materials sector. The financials sector continued to sour since bank earnings began two weeks ago, when banks such as **JP Morgan** and **Bank of America** reporting higher costs. Turning to economic news, construction spending for September was released and it fell 0.6%; it was expected to rise 0.1%. Pending home sales for December fell 9.3%, far below the -0.3% expectation. In its third reading for Q3, GDP was revised up to 4.4% from 4.3%. October personal spending registered 0.5% (0.3% expected) while personal spending for November was in line with expectations at 0.5%. October personal income rose 0.2%, in line with expectations, while November personal income rose 0.3% (0.4% expected). S&P Global US Composite PMI was 52.8 (53 expected.) The University of Michigan's sentiment survey for January was 56.4, exceeding the 54 estimate. This week we expect durable goods orders, Conference Board's consumer confidence survey, an FOMC rate decision, productivity data, trade balance information for November, and PPI data. On the earnings front, 102 members of the S&P 500 announce next week, including influential mega-caps such as **Apple**, **Microsoft**, **Meta Platforms**, and **Tesla**.