

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.394 (-2.1 bps)	GNMA (30 Yr) 6% Coupon:	105-14/32 (4.36%)
6 Mo. T-Bill:	2.494 (-0.8 bps)	Duration:	4.03 years
1 Yr. T-Bill:	2.579 (1.2 bps)	Bond Buyer 40 Yield:	4.10 (1.0 bps)
2 Yr. T-Note:	2.614 (7.3 bps)	Crude Oil Futures:	53.80 (2.21)
3 Yr. T-Note:	2.599 (8.2 bps)	Gold Spot:	1,282.11 (-8.14)
5 Yr. T-Note:	2.623 (9.4 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.784 (8.3 bps)	U.S. High Yield:	7.17 (-16 bps)
30 Yr. T-Bond:	3.097 (6.4 bps)	BB:	5.62 (-14 bps)
		B:	7.54 (-18 bps)

U.S. government bond prices fell last week as positive economic data and increased optimism for a trade deal between the U.S. and China led to more risk-on sentiment. Data released Thursday by the Federal Reserve Bank of Philadelphia showed its manufacturing index rose from 9.1 in December to 17.0 in January, easily beating expectations. The positive report helped ease concerns that manufacturing growth in the U.S. is slowing and helped boost bond yields. A report that Treasury Secretary Steven Mnuchin proposed lifting tariffs on Chinese imports also contributed to a rise in yields, although the Treasury later denied the report. Meanwhile, New York Fed President John Williams said Friday that the Fed will take a patient approach to tightening monetary policy. He added, "The economy is strong, the outlook is healthy and my number one priority is using monetary policy to keep it that way." The reading of industrial production released Friday showed a gain of 0.3% in December over the prior month, beating the estimated gain of 0.2%. The releases of certain economic reports have been postponed due to the partial government shutdown, and future reports may be similarly affected. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Tuesday: December Existing Home Sales (5.24m, 5.32m); Wednesday: January 18 MBA Mortgage Applications (N/A, 13.5%); Thursday: January 19 Initial Jobless Claims (218k, 213k), January Preliminary Markit US Manufacturing PMI (53.5, 53.8), December Leading Index (-0.1%, 0.2%); Friday: December Preliminary Durable Goods Orders (1.5%, N/A), December New Home Sales (570k, N/A).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,706.35 (3.01%)	Strong Sectors:	Financials, Industrials, Energy
S&P 500:	2,670.71 (2.90%)	Weak Sectors:	Utilities, Consumer Staples, Communication Services
S&P Midcap:	1,817.25 (3.06%)	NYSE Advance/Decline:	2,204 / 867
S&P Smallcap:	924.28 (2.48%)	NYSE New Highs/New Lows:	54 / 42
NASDAQ Comp:	7,157.23 (2.67%)	AAII Bulls/Bears:	33.5% / 36.3%
Russell 2000:	1,482.50 (2.44%)		

Stocks continued to rise for a fourth week in a row as the S&P 500 returned 2.9% driven by Financials and Technology stocks. **JP Morgan** reported earnings on Tuesday that came in below expectations, but management showed increased investments in key customer growth segments. **Netflix** reported on Thursday in the face of a 50% return since it's Christmas Eve low. Revenue grew by 27% in the fourth quarter and the company announced a price increase of \$1 to \$2 a month in the U.S. Oil prices climbed over \$53 a barrel, the highest price in five weeks. Strong factory number coupled with a path to a trade truce with China improved investor confidence in the global economy. Trade sensitive industrial stocks such as **Deere** and **Caterpillar Inc** rose on the Friday news. In Brexit news, the House of Commons voted 432 to 202 against the deal led by Prime Minister Theresa May. The vote was followed by a no confidence vote, which was narrowly defeated, keeping May in leadership. Fifty-nine companies are set to report earnings next week. Industry bellwethers **Johnson & Johnson** and **Proctor & Gamble** are set to report Tuesday and Wednesday respectively. Home sales, wholesale inventories, and durable goods are all on the economic calendar next week. Investors will look to these indicators as well as the long running government shutdown to navigate the market during the holiday shortened week.

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