US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	2.386 (1.3 bps)	GNMA (30 Yr) 6% Coupon:	106-16/32 (4.07%)
6 Mo. T-Bill:	2.457 (-4.4 bps)	Duration:	4.05 years
1 Yr. T-Bill:	2.557 (-2.6 bps)	Bond Buyer 40 Yield:	4.08 (-5 bps)
2 Yr. T-Note:	2.502 (-10.4 bps)	Crude Oil Futures:	55.26 (+1.57)
3 Yr. T-Note:	2.489 (-9.9 bps)	Gold Spot:	1,317.98 (+12.73)
5 Yr. T-Note:	2.503 (-9.6 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.684 (-7.4 bps)	U.S. High Yield:	7.10 (-9 bps)
30 Yr. T-Bond:	3.025 (-4.1 bps)	BB:	5.49 (-12 bps)
		B:	7.59 (-9 bps)

Treasury Prices rose over the course of the week as the Federal Reserve signaled a more dovish rate policy. The Fed met this week and on Wednesday reported that they would take a more patient approach and adjust its balance sheet reduction process if necessary. The benchmark interest rate remained unchanged with an upper bound of 2.50% and the Fed removed language on the expectation for “further gradual increases” in its policy statement. This caused interest rates to drop significantly through the end of trading Thursday with the expectation that the Fed would pause interest rate increases if there were further economic headwinds. However, Treasury yields rebounded on Friday due to strong economic data. January’s change in Nonfarm Payrolls increased 304k, significantly beating expectations of 165k, while ISM Manufacturing, U. of Michigan Sentiment and Construction spending all beat expectations. The unemployment rate ticked higher to 4.0% but the labor force participation rate also rose slightly. The market implied probability of a rate hike by the end of 2019 dropped from 29.0% at the end of last week to only 4.9% at the end of this week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: November Factory Orders (0.3%, -2.1%), November Final Durable Goods Orders (1.7%, 0.8%); Tuesday: January Final Markit US Services PMI (54.2, 54.2); Wednesday: February 1 MBA Mortgage Applications (N/A, -3.0%), November Trade Balance (-$54.0b, -$55.5b); Thursday: February 2 Initial Jobless Claims (225k, 253k).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	25,063.89(1.33%)	Strong Sectors:	Info Tech, Energy,
S&P 500:	2,706.53 (1.62%)		Cons. Staples
S&P Midcap:	1,841.52 (1.30%)	Weak Sectors:	Materials, Financials
S&P Smallcap:	933.58 (1.17%)		Cons. Discretionary
NASDAQ Comp:	7,263.87 (1.40%)	NYSE Advance/Decline:	2,256 / 813
Russell 2000:	1,502.05 (1.31%)	NYSE New Highs/New Lows:	189 / 50
		AAII Bulls/Bears:	31.8% / 31.8%

Equity markets closed higher last week. The S&P 500 had an 8% return during month of January, which was the best January since 1987 and the best month since October 2015. Information Technology and Energy were the top performing sectors, fueled by strong quarterly corporate earnings announcements. Last week, the top performing large cap technology names were **Xerox Corp.** (16% return), **Symantec Corp.** (12% return) and **Advanced Micro Devices** (12% return). Xerox announced revenue and earnings in-line with expectations but did guide higher FY19 revenue. AMD reported revenue in-line with expectations but sales growth guidance surprised equity markets. Symantec reported 3Q billings up 32% from last quarter and raised their revenue guidance. Last week, oil prices started down as fears of a China slowdown loomed. However, oil closed the week up on news that Saudi oil shipments have slowed. The top performing energy names were **Helmerich & Payne** (6% return), **Exxon Mobil Corp.** (6% return) and **Hess Corp.** (5% return). **Charter Communications** was the top performing stock in the S&P 500 last week with a 17% return. The broadband internet/cable TV provider announced a 6% annual revenue jump on news they added 289k residential internet customers. **General Electric Co.** was also a top performing name after rallying 11% last week. The 126-year-old industrial conglomerate had a banner earnings announcement with $0.17 eps on $33.3b in revenue along with strong free-cash-flow numbers, while they also announced a $517m U.S. Department of Defense contract. According to Bloomberg, this earnings season has been strong, with 237 names in the S&P 500 announcing 178 or ~75% have met or beat estimates. Overall corporate earnings remain strong, job, wage and consumer confidence high and the Federal Reserve appears to have softened their hiking stance. Given the current conditions, we remain bullish on equities.