

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.20 (+03 bps)	GNMA (30 Yr) 6% Coupon:	112-13/32 (2.19%)
6 Mo. T-Bill:	0.45 (+03 bps)	Duration:	3.83 years
1 Yr. T-Bill:	0.62 (+04 bps)	Bond Buyer 40 Yield:	4.15 (-06 bps)
2 Yr. T-Note:	0.93 (-10 bps)	Crude Oil Futures:	33.16 (-3.88)
3 Yr. T-Note:	1.18 (-13 bps)	Gold Futures:	1097.90 (+37.70)
5 Yr. T-Note:	1.56 (-17 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.12 (-13 bps)	U.S. High Yield:	9.03 % (-02 bps)
30 Yr. T-Bond:	2.91 (-08 bps)	BB:	6.36 % (+01 bps)
		B:	9.20 % (+02 bps)

Yields fell throughout the week as increasing global economic concerns, due to sharp declines in China's currency and stock market drove investors into safer assets. The non-manufacturing ISM report was below expectations on Monday, driven by a drop in supplier delivery times and signaling fewer bottlenecks in the supply chain. On Tuesday, yields on the 10-year Treasury note fell to the lowest level in more than three weeks as the Chinese currency and stock market saw sharp declines. The ADP employment report on Wednesday showed that in December, payrolls increased by the largest value in a year. The labor market continued to show its strength on Thursday as initial jobless claims fell with employers retaining workers due to sustained demand. Yields briefly rose on Friday, after encouraging employment reports showed a significant increase in nonfarm payrolls, but were quickly offset by investors' concerns over global economic growth, sending the benchmark 10-year note to a two-month low. Major economic reports (and related consensus forecasts) for the upcoming week include: Wednesday: January 8th MBA Mortgage Applications; Thursday: January 9th Initial Jobless Claims (275k); Friday: December Retail Sales Advance (0.0% MoM), December PPI Final Demand MoM (-0.2%), January Empire Manufacturing (-4.00), December Industrial Production (-0.2% MoM), January University of Michigan Sentiment (93.0).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	16346.45 (-6.13%)	Strong Sectors:	Utilities, Telecom, Cons. Staples
S&P 500:	1922.03 (-5.91%)	Weak Sectors:	Info Tech, Materials, Financials
S&P Midcap:	1308.48 (-6.42%)	NYSE Advance/Decline:	725 / 2,502
S&P Smallcap:	623.42 (-7.18%)	NYSE New Highs/New Lows:	162 / 665
NASDAQ Comp:	4643.631 (-7.24%)	AAll Bulls/Bears:	22.2% / 38.3%
Russell 2000:	1046.202 (-7.88%)		

The S&P 500 got off to a rocky start falling 5.91% to start 2016 as investors grew increasingly concerned China's economy is slowing and commodity prices continued to falter. As of Friday's close, the S&P 500 traded at 17.17 times earnings and had a dividend yield of 2.29%. Utilities were the market leaders during the last week while information technology and basic materials were the laggards. Oil began the week selling for \$37.04 per barrel, but fell 10.48% to close Friday at \$33.16, reaching prices not seen since 2004. Copper prices also declined, falling 5.29%. One bright spot in commodities were precious metals. The price of gold rose 4.05% to \$1,104.15 per ounce. Shares in **Barrick Gold** responded favorably, rising 19.76%. Fairing much worse were investors in China, the Shanghai Composite fell more than 9% during the week despite tripping circuit breakers and closing early on Monday and Thursday. What scared many China investors was the dramatic drop in the value of the Yuan. In company specific news, **AutoNation** CEO, Mike Jackson warned of a glut in luxury automobiles sending shares of the company down 18.17%. **Valeant Pharmaceuticals** announced Howard Schiller, the company's former CFO, would become interim CEO while the company's current leader recovers from severe pneumonia. Shares in the company fell 10.41%. **KB Home** disappointed investors, but not for reasons you might expect. Shares in the company declined more than 24%, yet quarterly revenue for the company increased an impressive 23.84%. Due to a shortage of labor, the company wasn't able to keep up with demand and deliver on their sales backlog missing analyst expectations. Looking ahead to this week, we enter the first week of earnings season. Companies reporting include **Alcoa**, **Wells Fargo**, **JP Morgan** and **Intel**.