

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.49 (-03 bps)	GNMA (30 Yr) 6% Coupon:	113-18/32 (1.67%)
6 Mo. T-Bill:	0.61 (+01 bps)	Duration:	4.18 years
1 Yr. T-Bill:	0.80 (unch.)	Bond Buyer 40 Yield:	4.25 +08 bps
2 Yr. T-Note:	1.19 (-01 bps)	Crude Oil Futures:	52.42 (-0.05)
3 Yr. T-Note:	1.49 (+02 bps)	Gold Spot:	1207.76 (+10.42)
5 Yr. T-Note:	1.93 (+04 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.47 (+07 bps)	U.S. High Yield:	6.30% (+02 bps)
30 Yr. T-Bond:	3.05 (+06 bps)	BB:	4.88% (+03 bps)
		B:	6.27% (+02 bps)

Treasury prices dropped moderately over the course of the week as investors speculated on Trump's policies and economic data suggested rising inflation and a more aggressive Federal Reserve. Treasuries began the week with gains on Tuesday as comments from President-elect Donald Trump on the Republicans border tax plan foreshadowed possible clashes on his policies. Investors are uncertain about which of Trump's policies will be implemented and how quickly. Treasury prices then dropped significantly on Wednesday as the Consumer Price Index rose more than expected with its highest year-over-year reading since 2011, and industrial production rose by the largest amount in two years. The Fed views improved inflation as a sign of a healthy economy and investors believe that they may increase rates a faster pace. Strong economic data was released again on Thursday including strong housing starts, lower initial jobless claims and higher a Philadelphia Fed Business Outlook, which contributed to the belief that the Fed will view the economy as strengthening. In Europe, speculation of increased inflation has led to belief that the European Central Bank may have tighter monetary policy but Mario Draghi played down this at a news conference on Thursday. Treasury prices rose slightly on Friday as Donald Trump was sworn in as President. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: January Preliminary Markit US Manufacturing PMI (54.5), December Existing Home Sales (5.5M); Wednesday: January 20 MBA Mortgage Applications; Thursday: December Preliminary Wholesale Inventories (0.1% MoM), January 21 Initial Jobless Claims (245,000), December New Home Sales (585,000), December Leading Index (0.5%); Friday: 4th Quarter Annualized GDP (2.2% QoQ), 4th Quarter Annualized Personal Consumption (2.5% QoQ), December Preliminary Durable Goods Orders (2.6%), January Final U. of Michigan Sentiment (98.1).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	19,827.25 (-0.24%)	Strong Sectors:	Consumer Staples, Telecomm REITs
S&P 500:	2,271.31 (-0.13%)	Weak Sectors:	Financials, Health Care, Consumer Discretionary
S&P Midcap:	1,675.68 (-0.68%)	NYSE Advance/Decline:	1,222 / 1,869
S&P Smallcap:	827.46 (-1.45%)	NYSE New Highs/New Lows:	213 / 42
NASDAQ Comp:	5,555.33 (-0.33%)	AAll Bulls/Bears:	37.0% / 32.7%
Russell 2000:	1,351.85 (-1.46%)		

Stocks moved lower this week and rebounded on Friday as the Dow Jones Industrial Average closed out the week at 19,827, down 58 points from last week. Financial stocks were the worst performing sector this week in the S&P 500 as inflation and dollar concerns crippled the sector on Tuesday. The biggest move came on Thursday when the S&P 500 lost 0.36% after comments by Mario Draghi calling for Germany to stay calm while the European Central Bank continues to add stimulus to the Euro region. The increased stimulus added to inflation concerns as the dollar has weakened for the past four consecutive weeks. Stocks rose on Friday as Donald Trump was sworn in to become the 45th President of the United States. Oil also rose on Friday to \$52.42 per barrel after sliding lower each day during the week. Consumer Staples led the S&P 500 for the week after favorable results from **Proctor & Gamble Co.** Telecommunication Services stocks also had a good week after **AT&T** announced growth in pay-TV customers for the first time in seven quarters due to its new live streaming service. **Netflix**, the leader in online streaming, announced it added a record number of new customers in the fourth quarter which demonstrates how the market is moving to an on-demand programming standard. **CSX Corp.**, a freight transportation company, turned in the best performance in the S&P 500 Index with a 14.25% gain. The company moved higher on news that outgoing **Canadian Pacific** CEO Hunter Harrison is teaming up with an activist investor to help turn around the company. The next two best performers were **Skyworks Solutions** and **NRG Energy Inc.** with returns of 13.02% and 10.34%, respectively.