

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.32 (+01 bps)	GNMA (30 Yr) 6% Coupon:	111-25/32 (2.62%)
6 Mo. T-Bill:	1.53 (+06 bps)	Duration:	4.10 years
1 Yr. T-Bill:	1.71 (+03 bps)	Bond Buyer 40 Yield:	3.94 (+04 bps)
2 Yr. T-Note:	1.89 (+06 bps)	Crude Oil Futures:	58.47 (+1.17)
3 Yr. T-Note:	2.01 (+06 bps)	Gold Spot:	1,274.16 (+17.72)
5 Yr. T-Note:	2.25 (+10 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.48 (+13 bps)	U.S. High Yield:	6.18 (+01 bps)
30 Yr. T-Bond:	2.83 (+14 bps)	BB:	4.67 (+02 bps)
		B:	6.33 (+02 bps)

Treasury prices dropped moderately over the course of the week as Congress passed a bill to lower taxes on businesses and individuals. If the tax bill were to lead to a widening of the deficit then the federal government would be pushed to increase debt issuance and therefore the supply of treasuries in the market, which would weigh on prices. This also increased growth and inflation expectations including some economists raising GDP expectations, further increasing yields. Treasury prices also faced downward pressure with optimism in the housing market as existing home sales of 5.81m were much higher than the expected 5.53m and new home sales of 733k were much higher than the expected 655k from a survey of analysts. Other economic indicators including GDP, Initial Jobless Claims, Personal Income and Spending, Inflation and Sentiment were all reported close to expectations, leaving the market implied chance of a rate hike at the March meeting next year unchanged. Major economic reports (related consensus forecasts; prior data) for the upcoming holiday-shortened week include Wednesday: December Conf. Board Consumer Confidence (20.0, 19.4), November Pending Home Sales (-0.5%, 3.5%); Thursday: November Prelim. Wholesale Inventories (0.3%, -0.5%), December 23 Initial Jobless Claims (240k, 245k), December Chicago Purchasing Manager (62.0, 63.9).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	24,754.06 (0.42%)	Strong Sectors:	Energy, Materials
S&P 500:	2,683.34 (0.30%)		Telecommunication Services
S&P Midcap:	1904.58 (0.96%)	Weak Sectors:	Utilities, Real Estate
S&P Smallcap:	939.34 (0.74%)		Health Care
NASDAQ Comp:	6,959.96 (0.35%)	NYSE Advance/Decline:	1,743 / 1,334
Russell 2000:	1,542.93 (0.84%)	NYSE New Highs/New Lows:	471 / 104
		AAll Bulls/Bears:	50.5% / 25.6%

The S&P 500 continues its upward trend closing out last week with a 22.23% return year to date. As hot as the equity market has been in 2017, cryptocurrencies have been on investor's front burner for the past few months. Bitcoin reached its all-time high on Monday and then proceeded to drop over 30% through mid-day Friday, closing at a 20% drop for the week. Political news was the main driver of stock moves last week as the Republican led tax cuts boosted optimism on many analysts 2018 outlook. Investors will be looking to reposition their portfolios for the coming year and early signs of their moves were evident in the trade out of larger cap names and into small cap names. Small cap stocks outperformed their larger counterparts with the S&P MidCap 400 and S&P SmallCap 600 outperforming the S&P 500 by +66 and +44 basis points, respectively. On a sector basis, Energy and Materials drove returns and Utilities and Real Estate were the laggards for the week. Energy traded higher as the price of crude rallied over 2.0% last week. **Discovery Communications Inc.** rallied after analyst upgrades noted increased synergies with its pending acquisition of **Scipps Network Interactive**. **TechnipFMC**, **Newfield Exploration Co**, and **Marathon Oil Corp.** were top performers in the S&P 500 as oil moved north of \$58 a barrel. Looking ahead, the Senate passed stopgap funding through January 19th of next year. This measure will avoid a partial government shutdown and allow the Republicans and President Trump to push forward with their plans to overhaul the nation's welfare programs or infrastructure plan in 2018.

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