

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.53 (+04 bps)	GNMA (30 Yr) 6% Coupon:	113-07/32 (1.90%)
6 Mo. T-Bill:	0.64 (+01 bps)	Duration:	4.23 years
1 Yr. T-Bill:	0.79 (-01 bps)	Bond Buyer 40 Yield:	4.25 (-02 bps)
2 Yr. T-Note:	1.19 (-01 bps)	Crude Oil Futures:	53.86 (+0.03)
3 Yr. T-Note:	1.47 (+01 bps)	Gold Spot:	1,233.62 (+13.32)
5 Yr. T-Note:	1.89 (-02 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	2.41 (-06 bps)	U.S. High Yield:	6.16% (-01 bps)
30 Yr. T-Bond:	3.01 (-09 bps)	BB:	4.81% (-01 bps)
		B:	6.18% (+01 bps)

The yield on the U.S. 10-year Treasury note rose on Thursday and Friday after three straight days of declines. President Trump told airline executives on Thursday in a meeting at the White House that an announcement concerning tax reform will be made in the coming weeks. The potential fiscal policy move renewed expectations of higher economic growth and inflation. The breakeven rate, which is a proxy for the market's forecast of inflation by measuring the difference in yield between a nominal bond and an inflation-indexed bond, rose on Thursday and Friday as investor's expectations for inflation increased. Meanwhile, U.S. equities finished the week at record highs, lowering demand for government bonds and sending yields higher. Earlier in the week, Treasuries rose as demand was spurred by heightened political uncertainty in Europe. In particular, the upcoming French presidential election in April increased fears that France could leave the European Union. Notably, the spread between French and German government bond yields climbed to a four-year high during the week. Major economic reports (and related consensus forecasts) for the upcoming week include: Tuesday: January PPI Final Demand (0.3% MoM, 1.5% YoY); Wednesday: Feb 10 MBA Mortgage Applications, February Empire Manufacturing (7.0), January CPI (0.3% MoM, 2.4% YoY), January Retail Sales Advance (0.1% MoM), January Industrial Production (0% MoM); Thursday: January Housing Starts (1.2M), Feb 11 Initial Jobless Claims (245K), February Philadelphia Fed Business Outlook (18.0); and Friday: January Leading Index (0.5%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	20,269.37 (1.13%)	Strong Sectors:	Industrials, Information Tech, Consumer Discretionary
S&P 500:	2,316.10 (0.87%)	Weak Sectors:	Energy, Materials, Financials
S&P Midcap:	1,720.84 (0.85%)	NYSE Advance/Decline:	1,974 / 1,115
S&P Smallcap:	849.64 (1.01%)	NYSE New Highs/New Lows:	379 / 44
NASDAQ Comp:	5,734.13 (1.24%)	AAll Bulls/Bears:	35.8% / 27.7%
Russell 2000:	1,388.84 (0.82%)		

Last week the S&P 500 Index returned 0.87%. Equities continue their 2016 upward trend, pushing past January's highs to a new all-time closing high of 2,316.10 on Friday. The index is up 3.66% YTD. Crude oil dropped 3.08% the first two days of the week on fears of a continuing buildup of motor gasoline inventories which are near their February 2016 highs. This showed weakness in the energy sector which declined 2.25% over Monday and Tuesday. Crude recovered and closed the week at \$53.86 a barrel, advancing 0.06% from the previous week's close. Many media outlets were focused this past week on President Trump's travel-ban fight and the confirmation hearings of his cabinet selections. Investors continue to be optimistic of President Trump's intent of creating a pro-growth business environment. The US initial jobless claims of 234K were below the consensus estimate of 249K and the previous week's 246K. 357 companies in the S&P 500 Index have already reported their fourth quarter 2016 earnings with 262 showing higher EPS and 239 reporting positive earnings surprise. Ten of the eleven economic sectors had positive performance for the week with the industrials sector showing the best performance returning 1.65%. **Hasbro Inc.**, a designer and manufacturer of toys and games, had the best performance in the S&P 500 Index for the week with an 18.15% return. The consumer discretionary stock jumped 14.14% on Monday after reporting and beating fourth quarter earnings estimates. **Activision Blizzard Inc.**, an entertainment software developer and publisher, also helped the sector after reporting earnings on Thursday night. The stock jumped 18.88% on Friday. **Arconic Inc.**, a lightweight material provider to the aerospace and automotive industry, climbed 14.36%. Pressure continued to increase on the company from hedge fund Elliott Management, which owns over 12% of the stock, to fire the CEO for poor past performance. This week will bring earnings news from **Cisco Systems Inc.**, **PepsiCo Inc.**, **The Kraft Heinz Co.**, **Charter Communications Inc.** and others.