

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	1.556 (5.1 bps)	GNMA (30 Yr) 6% Coupon:	110-08/32 (2.76%)
6 Mo. T-Bill:	1.552 (1.5 bps)	Duration:	3.77 years
1 Yr. T-Bill:	1.516 (-2.9 bps)	Bond Buyer 40 Yield:	3.61 (-1 bp)
2 Yr. T-Note:	1.604 (-1.1 bps)	Crude Oil Futures:	60.07 (0.87)
3 Yr. T-Note:	1.620 (-1.9 bps)	Gold Spot:	1,476.33 (16.16)
5 Yr. T-Note:	1.653 (-0.9 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.823 (-1.4 bps)	U.S. High Yield:	6.18 (-14 bps)
30 Yr. T-Bond:	2.252 (-2.5 bps)	BB:	4.46 (-9 bps)
		B:	6.37 (-16 bps)

Treasury yields ended little changed in a volatile week. On Wednesday, yields dipped after the Fed left rates unchanged following its final meeting of the year, citing a favorable economic outlook, solid job gains, and low inflation. The Fed also signaled it would hold rates steady in 2020. Meanwhile, the Consumer Price Index rose 0.3% in November over the prior month, which topped expectations. Prices were up 2.1% over the prior year, near the Fed's 2% target and consistent with its decision to hold rates steady. Treasury yields then spiked on Thursday after President Trump tweeted the U.S. and China were nearing a trade deal. The two sides announced they had reached a phase-one trade deal on Friday. The U.S. agreed to cancel new tariffs that were scheduled to take effect on Sunday while reducing certain existing tariffs and China agreed to increase purchases of American agricultural goods. The deal is expected to be signed in January. Yields slid following the announcement as details surrounding the deal remained vague. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: December Preliminary Markit US Manufacturing PMI (52.6, 52.6), December Empire Manufacturing (4.0, 2.9); Tuesday: November Housing Starts (1,340k, 1,314k), November Industrial Production MoM (0.8%, -0.8%); Wednesday: December 13 MBA Mortgage Applications (N/A, 3.8%); Thursday: December 14 Initial Jobless Claims (225k, 252k), November Existing Home Sales (5.44m, 5.46m), November Leading Index (0.1%, -0.1%); Friday: 3Q GDP Annualized QoQ (2.1%, 2.1%), December Final U. of Mich. Sentiment (99.2, 99.2), November Personal Income (0.3%, 0.0%), November Personal Spending (0.4%, 0.3%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	28,135.38 (0.49%)	Strong Sectors:	Information Technology,
S&P 500:	3,168.80 (0.77%)		Cons Discretionary, Financials
S&P Midcap:	2,024.72 (0.20%)	Weak Sectors:	Real Estate, Comm Services,
S&P Smallcap:	1,002.79 (0.12%)		Cons Staples
NASDAQ Comp:	8,734.88 (0.93%)	NYSE Advance/Decline:	1,852 / 1,201
Russell 2000:	1,637.98 (0.30%)	NYSE New Highs/New Lows:	380 / 54
		AAII Bulls/Bears:	37.6% / 26.1%

The S&P 500 Index gained 77 basis points last week. The equity index has posted nine positive weeks in the last ten weeks of trading. With just days remaining from the potential tariff increases, the United States and China trade deal was the focus of many investors last week. News reports with minimal details of a potential phase one trade deal had equities rally to a new closing high on Thursday. As some trade deal details emerged on Friday, conflicting reports caused equities to experience a volatile trading day though the index managed to produce another all-time closing high. The S&P 500 Index has returned 28.89% YTD with just over two weeks remaining in 2019. Crude oil showed a 1.47% increase and closed at \$60.07 per barrel. The Federal Open Market Committee decided to maintain their target range leaving rates unchanged. U.S. initial jobless claims of 252K were much higher than the consensus estimate of 214K and the previous week's claims of 203K. **Western Digital Corp**, a memory and storage device manufacturer, was the best performing stock in the S&P 500 Index last week returning 10.64%. **Micron Technology Inc.**, a memory chip manufacturer, climbed 6.82% last week. Both companies were beneficiaries of positive sell-side reports saying memory prices were hitting their bottom and revealed an optimistic view in buying memory. News of the potential trade deal also served as a catalyst for the two companies as information technology companies tend to be more exposed to trade with China. Other companies sensitive to trade with China include casino stocks **Las Vegas Sands Corp** and **Wynn Resorts Limited**, returning 7.62% and 6.66%. Both companies have casinos in Macau, a region of China. The real estate sector lagged the most in the S&P 500 Index returning -2.39%. **Welltower Inc.** and **Healthpeak Properties Inc.** both declined 6.09% last week, the two worst performing real estate stocks. Earnings announcements expected this week include **NIKE Inc.**, **Micron Technology Inc.**, **FedEx Corp**, **Carnival Corp**, **General Mills Inc.**, **Paychex Inc.**, and a few others.

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