

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.063 (-1.0 bps)	GNMA (30 Yr) 6% Coupon:	112-10/32 (2.29%)
6 Mo. T-Bill:	0.076 (-1.5 bps)	Duration:	3.63 years
1 Yr. T-Bill:	0.081 (-1.8 bps)	Bond Buyer 40 Yield:	3.47 (-1 bp)
2 Yr. T-Note:	0.115 (-3.6 bps)	Crude Oil Futures:	46.57 (0.31)
3 Yr. T-Note:	0.175 (-3.5 bps)	Gold Spot:	1,839.85 (0.99)
5 Yr. T-Note:	0.365 (-5.1 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	0.896 (-6.9 bps)	U.S. High Yield:	5.17 (unch.)
30 Yr. T-Bond:	1.627 (-10.7 bps)	BB:	3.94 (2 bps)
		B:	5.52 (-3 bps)

Longer-term Treasury yields fell more than shorter-term yields last week on new economic restrictions, while lawmakers continued to haggle over a second round of coronavirus aid without reaching an agreement. Lawmakers did however pass a stopgap spending bill that will keep the government funded for an additional week as talks on both fronts continue. Initial jobless claims rose sharply in the week ended December 5 to the highest level since September, coming in well above expectations. However, the University of Michigan's Consumer Sentiment Index improved in the two weeks ended December 9, mostly due to a more-favorable long-term outlook for the economy. The Fed holds its final meeting of the year this week and is widely expected to keep rates unchanged. It caps a busy year in which the Fed cut rates to near zero in response to the COVID-19 pandemic, which has helped push real yields, or what investors earn after inflation, on U.S. government debt below zero. Last week, the average U.S. investment-grade corporate bond yield also fell below expected inflation for the first time on record dating back to 2003. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: November Industrial Production MoM (0.3%, 1.1%), December Empire Manufacturing (7.0, 6.3); Wednesday: December 16 FOMC Rate Decision – Upper Bound (0.25%, 0.25%), December 11 MBA Mortgage Applications (N/A, -1.2%), November Retail Sales Advance MoM (-0.3%, 0.3%), December Preliminary Markit US Manufacturing PMI (55.9, 56.7); Thursday: December 12 Initial Jobless Claims (820k, 853k), November Housing Starts (1,530k, 1,530k); Friday: November Leading Index (0.4%, 0.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	30,046.37 (-0.57%)	Strong Sectors:	Energy, Comm Srv, Cons Staples
S&P 500:	3,663.46 (-0.95%)	Weak Sectors:	Real Estate, Financials, Info Tech
S&P Midcap:	2,239.94 (-0.20%)	NYSE Advance/Decline:	1,602 / 1,618
S&P Smallcap:	1,086.59 (+0.12%)	NYSE New Highs/New Lows:	596 / 15
NASDAQ Comp:	12,377.87 (-0.68%)	AAll Bulls/Bears:	48.1% / 26.9%
Russell 2000:	1,911.70 (+1.03%)		

The S&P 500 posted its worst weekly return since late October amid ongoing stimulus gridlock in Washington. In addition, investors continued to weigh rising COVID-19 cases in the near-term with two vaccines close to emergency use approval. The **Pfizer Inc.** vaccine could start being distributed as early as Monday under emergency use, according to Health and Human Services Secretary Alex Azar. Economic data has weakened over the last couple weeks, coinciding with further mobility restrictions in many states, as November's payroll adds disappointed and unemployment claims rose. In stock news, shares of **Facebook Inc.** trended lower after the FTC and 46 states sued the social media giant for anti-competitive practices. The antitrust case aims to force Facebook to split-off WhatsApp and Instagram. **FireEye Inc.** fell sharply after the cybersecurity firm disclosed it was impacted by a cybersecurity attack. **Toil Brothers Inc.**, the luxury home builder, beat quarterly expectations but guided well-below street consensus for next quarter on lower-than-expected closings. Looking ahead, traders will be focused on the path of COVID-19, how fast the vaccine gets distributed, the likelihood of further stimulus and the Georgia Senate runoffs. While the short run has more uncertainty, longer term looks more promising with enough vaccine doses to vaccinate 100 million Americans by the end of February, according to coronavirus vaccine czar Dr. Moncef Slaoui. Additionally, continued loose monetary policy and a recovery in corporate profits could lead to further stock market gains in 2021.