

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.048 (-2.3 bps)	GNMA (30 Yr) 6% Coupon:	110-17/32 (2.98%)
6 Mo. T-Bill:	0.066 (-1.5 bps)	Duration:	3.64 years
1 Yr. T-Bill:	0.076 (-1.5 bps)	Bond Buyer 40 Yield:	3.43 (-3 bps)
2 Yr. T-Note:	0.109 (-1.2 bps)	Crude Oil Futures:	52.20 (-0.07)
3 Yr. T-Note:	0.170 (-1.6 bps)	Gold Spot:	1,847.65 (-7.96)
5 Yr. T-Note:	0.419 (-1.2 bps)	Merrill Lynch High Yield Indices:	
10 Yr. T-Note:	1.065 (-2.0 bps)	U.S. High Yield:	4.91 (1 bp)
30 Yr. T-Bond:	1.829 (-1.7 bps)	BB:	3.81 (2 bps)
		B:	5.30 (-2 bps)

Treasury yields were little changed last week despite several economic developments. The U.S. economy continued its rebound in the second half of last year, with real GDP growing at a 4% annualized rate in the fourth quarter after growing at a 33.4% rate in the third quarter. Despite rebounding in the second half, the U.S. economy contracted 3.5% in 2020, which is the largest annual decline on record dating back to 1948. The Fed left rates unchanged last week, as expected, keeping monetary policy loose in an effort to boost the economy. Fed Chairman Jerome Powell cited a moderating recovery in recent months and said, "The pandemic still provides considerable downside risks to the economy." Household income grew well above expectations in December, reflecting increases in government stimulus, compensation, and dividend income. Consumer spending fell in December for the second straight month, which combined with higher household income boosted the personal saving rate to 13.7% in December, well above pre-pandemic levels. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Monday: January ISM Manufacturing (60.0, 60.7), January Final Markit US Manufacturing PMI (59.1, 59.1), December Construction Spending MoM (0.8%, 0.9%); Wednesday: January 29 MBA Mortgage Application (N/A, -4.1%), January ADP Employment Change (70k, -123k); Thursday: January 30 Initial Jobless Claims (830k, 847k), December Final Durable Goods Orders (0.2%, 0.2%), December Factory Orders (0.7%, 1.0%); Friday: January Change in Nonfarm Payrolls (58k, -140k), January Unemployment Rate (6.7%, 6.7%), December Trade Balance (-\$65.8b, -\$68.1b).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	29,982.62 (-3.27%)	Strong Sectors:	Real Estate, Utilities,
S&P 500:	3,714.24 (-3.29%)		Consumer Staples
S&P Midcap:	2,340.12 (-4.96%)	Weak Sectors:	Energy, Materials,
S&P Smallcap:	1,188.71 (-3.48%)		Financials
NASDAQ Comp:	13,070.69 (-3.48%)	NYSE Advance/Decline:	738 / 2,523
Russell 2000:	2,073.64 (-4.38%)	NYSE New Highs/New Lows:	493 / 54
		AAll Bulls/Bears:	37.7% / 38.3%

The S&P 500 Index declined 3.29% last week as volatility in equities jumped to the highest level since late October, marking the index's worst performance in three months. Headlines were grabbed by the trading frenzy over heavily shorted stocks such as **GameStop Corp** and **AMC Entertainment Holdings Inc.**, which returned 400% and 278% last week respectively. Speculation that hedge funds were degrossing, cutting risky bets and decreasing their long equity positions to cover their short positions, caused downward pressure on equity markets. The SEC said they would be looking into behavior by any regulated entity that demonstrates abusive activity in an effort to protect retail investors. U.S. initial jobless claims of 847K were much lower than the consensus estimate of 875K and the previous week's claims of 900K. Crude oil closed at \$52.20 per barrel on Friday, declining 13 bps for the week. All sectors were down for the week with energy putting in the worst performance. **Iron Mountain Inc.** was the best performing stock in the S&P 500 Index, returning 11.67%. The specialty REIT rallied along with other shorted stocks. **Western Digital Corp**, a provider of computer hardware and storage, returned 11.28% last week as the company reported beating second quarter adjusted earnings estimates. Other big names that reported beating adjusted earnings estimates include **Apple Inc.**, **Microsoft Corp**, **Facebook Inc.**, and **Visa Inc.** **Tesla Inc.** however, reported an adjusted EPS of \$0.80, missing the consensus estimate of \$1.03. **Teradyne Inc.**, a manufacturer of semiconductor testing equipment, was the worst performing stock in the S&P 500 Index, returning -17.74%. The stock fell after announcing earnings as investors expected more from the company due to strong demand in smartphone components and industrial automation. Many earnings announcements are expected this week including **Amazon.com Inc.**, **Alphabet Inc.**, **PayPal Holdings Inc.**, **Thermo Fisher Scientific Inc.**, **Pfizer Inc.**, **Merck & Company Inc.**, **Exxon Mobil Corp**, and many more.

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