US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	0.112 (2.0 bps)	Bond Buyer 40 Yield:	3.51 (3 bps)
6 Mo. T-Bill:	0.282 (5.1 bps)	Crude Oil Futures:	83.82 (+4.92)
1 Yr. T-Bill:	0.476 (6.6 bps)	Gold Spot:	1,817.94 (+21.39)
2 Yr. T-Note:	0.967 (10.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	1.266 (11.4 bps)	U.S. High Yield:	5.07 (-5 bps)
5 Yr. T-Note:	1.558 (5.9 bps)	BB:	4.10 (-1 bps)
10 Yr. T-Note:	1.784 (2.2 bps)	B:	5.48 (-8 bps)
30 Yr. T-Bond:	2.122 (0.6 bps)		

U.S. Treasury bond yields increased across the yield curve last week, led by yields on the 2-year and 3-year Treasury notes. The 2-year treasury yield increased for the fourth straight week and nearly hit a two-year high last week as investors adjust to a tighter Federal Reserve outlook. On Wednesday, CPI data indicated consumer prices rose half a percent in December, 0.1% above the consensus estimate. The cost of living increased 7% in 2021 for Americans, near a 40-year high. The inflation in December was broad-based, impacting all industries to some degree. The week wrapped up with retail sales data indicating a decline in December of 1.9%, well below the expected decline of 0.1%. The large decline in retail sales in December is largely attributed to the pull forward in holiday shopping driven by the fear of shortages by consumers. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Tuesday: January Empire Manufacturing (25.0, 31.9), November Total Net TIC Flows (N/A, $143.0b); Wednesday: January 14 MBA Mortgage Applications (N/A, 1.4%), December Building Permits (1705k, 1712k), December Housing Starts (1650k, 1679k); Thursday: January 15 Initial Jobless Claims (220k, 230k), January 8 Continuing Claims (1521k, 1559k), December Existing Home Sales (6.41m, 6.46m), January Philadelphia Fed Business Outlooks (20.0, 15.4) Friday: December Leading Index (0.8%, 1.1%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	35,911.81 (-0.88%)	Strong Sectors:	Energy, Comm Services, Information Technology
S&P 500:	4,662.85 (-0.29%)		
S&P Midcap:	2,782.64 (-0.36%)	Weak Sectors:	Real Estate, Cons Disc, Utilities
S&P Smallcap:	1,388.27 (0.29%)		
NASDAQ Comp:	14,893.75 (-0.28%)	NYSE Advance/Decline:	1,704 / 1,847
Russell 2000:	2,162.46 (-0.79%)	NYSE New Highs/New Lows:	253 / 349
		AAII Bulls/Bears:	24.9% / 38.3%

Equities ground down with the S&P 500 returning -0.29% last week. Inflation pressure and worries about how fast the Federal Reserve will tighten weighed on equities. CPI inflation was released at a 7.0% year-over-year rate, while the PPI (producer price index) year-over-year was 9.7%. The inflationary indicators signaled to investors that a rotation out of growth names and into value names aligned with higher costs for many companies. The S&P 500 Value index returned 0.10% last week and 1.20% this month, while the S&P 500 Growth Index returned -0.65% last week and -5.10% this month. This is one of the more pronounced rotations we have seen in the growth/value trade since November 2020 after the COVID vaccine was approved. The unofficial start to earnings season was Friday after a slew of banks reported their quarterly results. **JPMorgan**, one of the most respected banks on the street, led off with a surprise decrease in net income driven by higher employee compensation. The stock traded down over 6% and set off a warning to the rest of the market. **Goldman Sachs,** set to report on Tuesday**,** is paying its top brass with a one-time special payout worth millions to each of the company's roughly 400 executives. Oil crossed $80 a barrel, a level not seen since last October. The oil price recovery pushed energy stocks in the S&P 500 up to over 5% last week, a bright spot in an overall flat market. Looking ahead to next week, a slew of housing numbers are set to be released. Mortgage applications, housing starts, and existing home sales are on the calendar along with jobless claims coming in on Thursday.