US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	5.367 (3.5 bps)	Bond Buyer 40 Yield:	4.50 (2 bps)
6 Mo. T-Bill:	5.250 (0.4 bps)	Crude Oil Futures:	73.81 (2.16)
1 Yr. T-Bill:	4.833 (7.1 bps)	Gold Spot:	2,045.45 (-17.53)
2 Yr. T-Note:	4.381 (13.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.163 (15.4 bps)	US High Yield:	8.14 (35 bps)
5 Yr. T-Note:	4.007 (16.0 bps)	BB:	6.73 (31 bps)
10 Yr. T-Note:	4.046 (16.7 bps)	B:	8.27 (31 bps)
30 Yr. T-Bond:	4.202 (17.4 bps)		

Treasury yields increased last week to start the year. Jobs data released last week showed the labor market was resilient in 2023 amid rate hikes by the Fed. The US economy added 216,000 jobs in December, more than expected. The report included downward revisions to the prior two months, however. The unemployment rate stayed at 3.7%, which also beat expectations. Average hourly earnings increased a healthy 0.4% from the prior month and 4.1% from a year ago. The US services sector missed expectations in December to close out a strong year measured by the ISM Services Index but remained in expansion territory, albeit at a slower pace. In contrast to services, the US manufacturing sector spent all of 2023 in contraction and has now contracted for 14 consecutive months. That's the longest manufacturing slowdown since 2001. Despite better-than-expected headline jobs growth in December and solid wage gains, the market stood firm in its expectation that the Fed will cut rates six times this year, including one potentially as early as March, partly due to the slowdown in services. For context, the Fed said last month it projects three rate cuts in 2024. The December reading of the Consumer Price Index is scheduled to be released on Thursday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: November Trade Balance (-$65.0b, -$64.3b); Wednesday: January 5 MBA Mortgage Applications (N/A, -10.7%); Thursday: January 6 Initial Jobless Claims (210k, 202k), December CPI MoM (0.2%, 0.1%), December CPI YoY (3.2%, 3.1%); Friday: December PPI Final Demand MoM (0.1%, 0.0%).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	37,466.11 (-0.56%)	Strong Sectors:	Health Care, Utilities, Energy
S&P 500:	4,697.24 (-1.50%)		
S&P Midcap:	2,712.50 (-2.46%)	Weak Sectors:	Industrials, Cons. Discretionary, Info. Tech.
S&P Smallcap:	1,270.66 (-3.60%)		
NASDAQ Comp:	14,524.07 (-3.23%)	NYSE Advance/Decline:	1,080 / 1,854
Russell 2000:	1,951.14 (-3.73%)	NYSE New Highs/New Lows:	137 / 32
		AAII Bulls/Bears:	48.6% / 23.5%

Equities closed out the first week of 2024 mostly lower, snapping its nine-week winning streak to close 2023. The S&P 500 returned -1.5% last week reflecting investor caution amid mixed signals from economic data and increased worries the Fed might delay interest rate cuts later into 2024. After a much-maligned 2023, Health Care names came out blazing to start the year as the top sector in the S&P 500. The top three performing names in the S&P 500 last week were all Health Care names: **Moderna Inc.** (11.7% return), **Viatris Inc.** (10.6% return) and **Merck & Co. Inc.** (7.5% return). **Walgreens Boots Alliance Inc.** announced quarterly results that resulted in the name returning -9% on Thursday. The drug store chain announced a cut in their overall outlook and dividend from $0.48 per quarterly down to $0.25. Despite cutting the dividend nearly in half the name still sports a 4% indicated dividend yield. Frozen potatoes remain profitable, as frozen food producer **Lamb Weston Holdings** saw its shares rally 0.7% after announcing strong quarterly results. The company affirmed full year guidance and credited their strong financial results to continued consumer demand. Interest rates ripped higher last week as the 10-year yield was up nearly 17bps, which weighed down heavier cost of capital companies. This included many renewable energy names such as **SolarEdge Technologies Inc** and **Enphase Energy Inc.** which returned -15% and -12.7% respectively last week. These names have been see-sawing with rates most of 2023 and has started 2024 with the same issues, higher rates mean renewables are more expensive to install and these names oscillate accordingly. Equity markets will likely continue to trade around news from economic releases and corporate earnings as participants continue to figure out when the Fed might begin cutting rates.