

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.320 (-6.7 bps)	Bond Buyer 40 Yield:	4.33 (16 bps)
6 Mo. T-Bill:	4.314 (-3.2 bps)	Crude Oil Futures:	71.29 (4.09)
1 Yr. T-Bill:	4.228 (5.1 bps)	Gold Spot:	2,648.23 (14.86)
2 Yr. T-Note:	4.245 (14.1 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.221 (16.0 bps)	U.S. High Yield:	7.39 (12 bps)
5 Yr. T-Note:	4.250 (21.4 bps)	BB:	6.33 (14 bps)
10 Yr. T-Note:	4.397 (24.4 bps)	B:	7.44 (10 bps)
30 Yr. T-Bond:	4.601 (26.5 bps)		

Long-term Treasury yields rose sharply last week, while short-term yields declined in anticipation of the Fed's expected 25-basis-point rate cut. The Consumer Price Index (CPI) increased by 0.3% in November, aligning with consensus expectations and up 2.7% from a year ago. Core CPI, which excludes food and energy, saw a 0.3% increase in November, aligning with consensus expectations and up 3.3% versus a year ago. The Producer Price Index (PPI) rose 0.4% in November, coming in above the consensus expected increase of 0.2%. Producer prices are up 3.0% versus a year ago. The rise in November was led by food prices, which jumped 3.1%. Initial jobless claims rose sharply by 17,000 last week, reaching 242,000. This higher-than-expected figure was primarily influenced by seasonal distortions related to Thanksgiving, which occurred five days later this year compared to 2023. Meanwhile, continuing claims increased 15,000 to 1.886 million. These figures are consistent with continued job growth in December, but at a slower pace than earlier this year. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: December Empire Manufacturing (10.0, 31.2), December Preliminary S&P Global US Manufacturing PMI (49.5, 49.7); Tuesday: November Retail Sales Advance MoM (0.5%, 0.4%), November Industrial Production MoM (0.3%, -0.3%); Wednesday: December 13 MBA Mortgage Applications (N/A, 5.4%), November Housing Starts (1343k, 1311k), December 18 FOMC Rate Decision (Upper Bound) (4.50%, 4.75%); 3Q T GDP Annualized QoQ (2.8%, 2.8%), December 14 Initial Jobless Claims (229k, 242k), November Leading Index (-0.1%, -0.4%), November Existing Home Sales (4.08m, 3.96m); Friday: November Personal Income (0.4%, 0.6%), November Personal Spending (0.5%, 0.4%), December Final University of Michigan Sentiment (74.0, 74.0)

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	43,828.06 (-1.78%)	Strong Sectors:	Comm Services, Cons Disc, Information Technology
S&P 500®	6,051.09 (-0.61%)	Weak Sectors:	Materials, Utilities, Health Care
S&P MidCap 400®	3,277.20 (-1.58%)		
S&P SmallCap 600®	1,488.63 (-1.43%)		
Nasdaq Composite®	19,926.72 (0.36%)	NYSE Advance/Decline:	764 / 2,102
Russell 2000®	2,346.90 (-2.55%)	NYSE New Highs/New Lows:	237 / 141
		AAll Bulls/Bears:	43.3% / 31.7%

Stocks traded lower last week, declining by -0.6%, as measured by the S&P 500. Only two of the 11 sectors posted positive returns, with Communication Services and Consumer Discretionary stocks leading the index. The tech-heavy Nasdaq 100 rose by over 0.7% last week, reaching an all-time high, driven by **Broadcom's** 24% surge on Friday. The company announced that sales of AI products will increase by 65% in the first quarter, significantly outpacing the 10% growth expected for the rest of the company's product line. Broadcom is the latest company to surpass a \$1 trillion market capitalization, joining **Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta Platforms, and Tesla** at the pinnacle of the S&P 500. The index has returned over 27% since the beginning of the year, propelled by the tech giants perched at its top. The steady stream of positive news from these companies has investors continuing to favor the sector, anticipating growing demand for AI and, more recently, quantum computing technology. Outside of the tech sector, troubled pharmacy **Walgreens Boots** has been targeted by private equity firm Sycamore Partners for a potential acquisition. The proposed deal, announced on Tuesday, gained momentum into Friday as Sycamore has been courting banks to finance the \$10 billion transaction. Looking ahead to next week, a widely anticipated quarter-point rate cut from the Federal Reserve could bolster market confidence as the year draws to a close. Shifting expectations regarding the pace or pause of future rate cuts will be revealed at the upcoming FOMC meeting. Economic data on retail sales, housing, GDP, and consumer sentiment are also scheduled for release next week.

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