

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	4.274 (-4.4 bps)	Bond Buyer 40 Yield:	4.45 (-7 bps)
6 Mo. T-Bill:	4.291 (-0.1 bps)	Crude Oil Futures:	70.60 (1.14)
1 Yr. T-Bill:	4.184 (-6.0 bps)	Gold Spot:	2,621.40 (-1.51)
2 Yr. T-Note:	4.326 (1.6 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	4.366 (5.3 bps)	US High Yield:	7.61 (2 bps)
5 Yr. T-Note:	4.461 (8.6 bps)	BB:	6.56 (3 bps)
10 Yr. T-Note:	4.625 (10.3 bps)	B:	7.65 (1 bps)
30 Yr. T-Bond:	4.817 (9.7 bps)		

The Treasury yield curve steepened moderately over the course of the week as short-term Treasury yields were either down or flat, while long-term Treasury yields rose moderately. On Monday, December Conf. Board Consumer Confidence was reported at 104.7, which was significantly lower than the prior month and expectations. Durable Goods Orders decreased 1.1% in November, which was also lower than the prior month and expectations. However, November New Homes Sales reported in line with expectations, which were a material increase from the previous month. Investors began seeking more return for longer-term Treasuries as these yields rose more than short-term. This trend continued at the end of the week causing the spread between the 10-year yield and the 2-year yield to widen by 8 basis-points to a spread of 29 basis-points, which is its highest level since June of 2022. The market implied probability of a cut to the Federal Funds Rate by the Federal Reserve Bank by the March meeting dropped slightly from 57% to 53% over the course of the week. The market implied Rate for the end of 2025 remained mostly unchanged at 3.96%. Major economic reports (related consensus forecasts, prior data) for the upcoming holiday-shortened week include: Monday: December MNI Chicago PMI (42.8, 40.2); Thursday: December 20 MBP Mortgage Applications (n/a, -0.7%), December 27 MBA Mortgage Applications (n/a, n/a), December 28 Initial Jobless Claims (222k, 219k), December Final (48.3, 48.3); Friday: December ISM Manufacturing (48.2, 48.4).

US Equities			
Weekly Index Performance:		Market Indicators:	
DJIA:	42,992.21 (0.35%)	Strong Sectors:	Energy, Health Care, Comm. Services
S&P 500:	5,970.84 (0.69%)	Weak Sectors:	Industrials, Cons. Staples, Materials
S&P Midcap:	3,138.61 (0.47%)	NYSE Advance/Decline:	1,419 / 1,411
S&P Smallcap:	1,416.54 (-0.01%)	NYSE New Highs/New Lows:	73 / 236
NASDAQ Comp:	19,722.03 (0.78%)	AAII Bulls/Bears:	37.8% / 34.1%
Russell 2000:	2,244.59 (0.11%)		

Equity markets exhibited a positive trend during the holiday-shortened trading week. Volumes was exceptionally low, with the S&P 500 averaging 1.5 billion shares traded compared to the yearly average of 3.2 billion. With just two trading sessions remaining in 2024, this is an opportune time to review the year's performance. The S&P 500 is currently up 26.9% year-to-date (YTD). Communication Services leads all sectors with a YTD return of 42.7%, driven by **Meta Platforms Inc.** which gained an impressive 70.1%. Consumer Discretionary followed closely at 33.6% YTD, fueled by **Amazon.com Inc.** with a 47.3% rise. Materials trailed with a meager 0.9% YTD return, impacted by **Albemarle Corp.** returning -37.3% YTD. Health Care struggled at 3.6% YTD, weighed down by **Moderna Inc.** returning -59.7%. If the S&P 500 maintains its 26.9% YTD return, it will rank as the 5th best calendar year performance since 2000 (falling behind only 2021, 2019, 2013, and 2003). Energy and Health Care led sector gains last week, while Industrials and Consumer Staples lagged behind. **Hertz Global Holdings Inc.** continued its efforts to sell off its electric vehicle (EV) inventory, with 199 EVs listed on their website, including a Tesla Model 3 in Oklahoma priced at \$17,921 and a Ford Mustang Mach-E SUV in Phoenix listed for \$65,000. **Qualcomm Inc.** surged 3.5% following a legal victory against **ARM Holdings** regarding a technology licensing breach. **Nordstrom Inc.** agreed to a \$6.2 billion buyout and taken private by a consortium led by Mexico's El Puerto de Liverpool. Key economic data releases next week are expected to include home sales, home prices, mortgage applications, jobless claims, and ISM data.

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