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MORE GAINS DESPITE MIDEAST CONFLICT

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EQUITIES

Data as of: 1/10/2020

Index	Price	WTD%	QTD%	YTD%
DJIA	28823.77	0.66	1.00	1.00
S&P 500	3265.35	0.94	1.07	1.07
Nasdaq	9178.86	1.75	2.30	2.30
Russell 2000	1657.64	-0.19	-0.65	-0.65
Russell 1000 Growth	1814.71	1.85	2.50	2.50
Russell 1000 Value	1343.13	0.01	-0.34	-0.34
Comm. Services	186.63	1.98	2.75	2.75
Cons. Disc.	994.48	0.40	0.83	0.83
Cons. Staples	644.13	0.56	-0.44	-0.44
Energy	453.87	-1.07	-0.57	-0.57
Financial Svcs	509.47	-0.21	-0.38	-0.38
Health Care	1198.13	1.51	0.84	0.84
Industrials	697.97	-0.18	1.51	1.51
Info. Tech.	1656.82	2.17	2.83	2.83
Materials	373.89	-0.26	-3.10	-3.10
Real Estate	239.80	0.31	-0.22	-0.22
Utilities	326.82	0.81	-0.47	-0.47
MSCI EAFE*	2036.11	-0.30	-0.03	-0.03
MSCI EM*	1129.37	0.50	1.34	1.34

* MSCI EAFE and MSCI EM values as of 1/9/20

- U.S. stocks** weathered the Mideast conflict with the S&P 500 Index posting its 12th weekly gain out of the last 14 weeks. All major averages set fresh record highs during the week, causing some to ask whether stocks had come too far, too fast.
- Last year's leader, the **Nasdaq Composite**, was the best performing major domestic index for the week, gaining on strength in the technology sector and internet stocks within the communications services sector. Large cap stocks' market leadership continued, as the Russell 2000 edged lower.
- The week's **economic calendar** was headlined by Friday's jobs report. Nonfarm payrolls rose by 145,000 in December, below consensus estimates for a 160,000 gain. Manufacturing payrolls slid by 12,000, their biggest drop since August 2016, as the sector struggled with soft global demand and lingering U.S.-China trade tensions. In addition, the Institute for Supply Management's (ISM) Non-Manufacturing Index rose more than expected to 55 in December, evidence of continued health of the important services sector of the U.S. economy.
- Global stocks** were mixed through Thursday's close, with solid gains by emerging markets. China was the biggest contributor to these gains, buoyed by the news that a Chinese delegation would sign the phase-one trade deal January 15 in Washington, D.C. Stocks in developed international markets fell over the first four days of the week, partly due to a strong U.S. dollar. Weakness in Japan and the United Kingdom weighed on developed markets, which lack the technology and internet exposure that has benefited U.S. and emerging market benchmarks.

FIXED INCOME, CURRENCIES, AND COMMODITIES

Data as of: 1/10/20

Yield	Latest	EOW	EOQ	EOY
90 Day UST	1.51	1.52	1.55	1.55
2 Yr UST	1.57	1.53	1.58	1.58
10 Yr UST	1.82	1.80	1.92	1.92
30 Yr UST	2.28	2.26	2.39	2.39

Fixed Income*	Yield	% Return		
		WTD	QTD	YTD
US Agg	2.29	-0.31	0.23	0.23
US Agg Govt.	1.78	-0.42	0.29	0.29
US TIPS	1.95	-0.66	0.32	0.32
Munis	1.67	0.21	0.63	0.63
HY Munis	3.88	0.49	0.98	0.98
Inv. Grade	2.86	-0.48	0.18	0.18
High Yield	5.94	0.16	0.36	0.36
MBS	2.49	-0.01	0.14	0.14
Global Agg	1.45	-0.67	-0.33	-0.33
Intl. Treasuries	0.51	-0.36	0.21	0.21
JPM EMBI	5.02	0.42	0.29	0.29

Currencies & Commodities	Price	% Change		
		WTD	QTD	YTD
US Dollar	97.35	0.53	1.00	1.00
EUR/USD	1.11	-0.34	-0.85	-0.85
USD/JPY	109.46	1.27	0.78	0.78
WTI Oil	59.19	-6.12	-3.06	-3.06
Gold	1563	0.68	2.61	2.61
Copper	2.81	0.83	0.46	0.46

*Data as of 1/9/20

The yield presented refers to the corresponding index except for the U.S. Treasury (UST) data, which is of individual Treasury note securities and not an index. The Currency and Commodity data presented are quotes of the exchange rate. This data is from FactSet.

- Fixed income** lost ground during the week, and yields rose as geopolitical tensions calmed. The Bloomberg Barclays U.S. Aggregate Bond Index slid 0.3% for the week through Thursday, heading for its worst week since November 8, 2019. The 10-year U.S. Treasury yield climbed four basis points (0.04%) to 1.82%, hovering in a 30 basis point range (0.3%) where it has been stuck since October. Global bonds and U.S. Treasury Inflation-Protected Securities (TIPS) fell the most among sectors we track, while municipal bonds, high-yield corporate bonds, and emerging-market debt posted gains.
- Commodities** were mixed for the week. **Oil** tumbled 6% as Mideast tensions calmed, while **gold** and **copper** rose. Gains for these key metals were impressive given the strength in the U.S. dollar. Copper likely benefited from some positive investor sentiment from the pending U.S.-China trade deal, while gold gained earlier in the week when market participants were more on edge with regard to geopolitical risk. Gold historically has been a popular hedge for geopolitical conflict.
- Next week's economic calendar** includes several December data points, including consumer and producer inflation on Tuesday and Wednesday; retail sales on Thursday; and housing starts, building permits, and industrial production on Friday. In addition, on Wednesday, the United States and China are slated to sign the phase-one trade agreement, and the Federal Reserve will release its Beige Book report.
- Internationally**, China will release several important economic reports next week including trade data, retail sales, and industrial production. In Europe, Eurozone consumer inflation data for December will be released on Friday.

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