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FUNDAMENTALS OVER FEARS

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EQUITIES

Data as of: 2/7/2020

Index	Price	WTD%	QTD%	YTD%
DJIA	29102.51	3.00	1.98	1.98
S&P 500	3327.71	3.17	3.00	3.00
Nasdaq	9520.51	4.04	6.11	6.11
Russell 2000	1656.78	2.65	-0.70	-0.70
Russell 1000 Growth	1876.58	3.74	5.99	5.99
Russell 1000 Value	1348.33	2.43	0.05	0.05
Comm. Services	188.88	3.30	3.99	3.99
Cons. Disc.	1016.00	2.42	3.01	3.01
Cons. Staples	660.01	1.81	2.02	2.02
Energy	408.55	0.76	-10.50	-10.50
Financial Svcs	512.49	3.10	0.21	0.21
Health Care	1199.27	3.93	0.93	0.93
Industrials	705.20	3.08	2.56	2.56
Info. Tech.	1748.74	4.47	8.54	8.54
Materials	377.27	4.22	-2.22	-2.22
Real Estate	247.78	1.71	3.10	3.10
Utilities	347.89	-0.63	5.95	5.95
MSCI EAFE*	2037.82	2.23	0.10	0.10
MSCI EM*	1102.39	3.76	-1.08	-1.08

* MSCI EAFE and MSCI EM values as of 2/6/20

- U.S. stocks** broke a two-week losing streak with their best weekly gain in eight months. Good U.S. economic data, well-received fourth-quarter earnings results, news of a possible Coronavirus vaccine, and China tariff reductions helped lift sentiment and propel the S&P 500 to recover its losses from the previous two weeks.
- All four U.S. indexes we track gained between 2.5% and 4% during the week, led by the **Nasdaq Composite**, which gained slightly more than 4%. The growth-heavy technology and healthcare sectors outperformed, while value-oriented energy and utilities stocks lagged. The small cap **Russell 2000 Index** trailed the S&P 500.
- This week's economic calendar** featured strong manufacturing and jobs reports. The Institute for Supply Management's (ISM) Purchasing Managers' Index (PMI) for January jumped back into expansionary territory for the first time since July 2019. Nonfarm payrolls rose 225,000 in January, well above consensus expectations of about 165,000. The unemployment rate stayed near multi-decade lows at 3.6%, while wage growth accelerated from 2.9% to 3.1%.
- Emerging market stocks** matched strong gains in the United States through Thursday's close, reflecting increased confidence that the coronavirus outbreak would be contained soon. The MSCI Emerging Markets (EM) Index gained 3.8% through Thursday, led by stocks in China, Korea, and Taiwan based on MSCI country indexes. The more value-oriented and MSCI Index of developed-market stocks rose but lagged on U.S. dollar strength. Stocks in the United Kingdom (UK) and France underperformed.

FIXED INCOME, CURRENCIES, AND COMMODITIES

Data as of: 2/7/20

Yield	Latest	EOW	EOQ	EOY
90 Day UST	1.54	1.55	1.55	1.55
2 Yr UST	1.40	1.33	1.58	1.58
10 Yr UST	1.58	1.51	1.92	1.92
30 Yr UST	2.04	1.99	2.39	2.39

Fixed Income*	Yield	% Return		
		WTD	QTD	YTD
US Agg	2.11	-0.41	1.51	1.51
US Agg Govt.	1.61	-0.70	1.73	1.73
US TIPS	1.75	-0.72	1.36	1.36
Munis	1.53	-0.23	1.56	1.56
HY Munis	3.63	-0.10	2.37	2.37
Inv. Grade	2.67	-0.36	1.98	1.98
High Yield	5.98	0.63	0.66	0.66
MBS	2.30	0.00	0.70	0.70
Global Agg	1.32	-0.93	0.34	0.34
Intl. Sovereign	0.33	-0.56	1.57	1.57
JPM EMBI	4.81	0.19	2.44	2.44

Currencies & Commodities	Price	% Change		
		WTD	QTD	YTD
US Dollar	98.69	1.34	2.39	2.39
EUR/USD	1.09	-1.36	-2.42	-2.42
USD/JPY	109.78	1.32	1.08	1.08
WTI Oil	50.46	-2.13	-17.36	-17.36
Gold	1574	-0.88	3.34	3.34
Copper	2.55	1.21	-8.92	-8.92

*Data as of 2/6/20

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** prices were largely down during the week as markets embraced risk. The 10-year U.S. Treasury yield rose 7 basis points (0.07%), slightly steepening the yield curve, and bringing the 3-month/10-year yield spread out of inversion territory. The Bloomberg Barclays U.S. Aggregate Bond Index lost 0.41% through Thursday. The only bond sectors that we track to post positive weekly returns were emerging market bonds and high-yield corporate bonds.
- The U.S. dollar** posted its fourth weekly gain in the past five weeks as weak manufacturing data and trade concerns weighed on the euro and British pound currencies. **Gold** was down for the week due to weaker demand for safe-haven assets as coronavirus outbreak fears subsided some. **Copper** rose along with China-sensitive assets, while **oil** was down for the fifth week in a row, its longest weekly losing streak since November 2018.
- Next week's **U.S. economic calendar** will bring key data points on inflation and consumer spending. The consumer price index (CPI) will come Thursday, with core CPI expected at 2.2% per Bloomberg consensus, down from 2.3% in January. On Friday, January retail sales will be reported, with Bloomberg consensus at 0.3% month over month. Other data releases include National Federation of Independent Business (NFIB) small business optimism and job openings.
- Earnings season** continues next week with 66 S&P 500 companies slated to report quarterly results.
- Internationally**, in Europe investors will get Eurozone industrial production on Wednesday, trade data on Thursday, and another read on fourth-quarter gross domestic product (GDP) for the Eurozone on Friday. In the UK, December and fourth-quarter GDP, industrial production, and trade data will come out on Tuesday. China will report consumer and producer inflation data over the weekend, followed by money supply growth and loan demand during the week.

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