

Look Back

- Iran struck Iraqi base housing U.S. personnel; no U.S. casualties reported
- Jobs added in December slightly missed expectations, U.S. earnings growth slowed
- Bushfires continued to burn in Australia; estimated animal deaths top 1 billion
- S&P 500 hit new high of 3,280 Thursday

US 10 Year | 1Y



Friday's U.S. Nonfarm Payrolls report wasn't as bad as many headlines made it seem. The U.S. added +145,000 new jobs in December, which fell 15,000 below survey expectations. But the result needs to be placed in context – it came on the heels of a stellar November number and still leaves Nonfarm Payrolls averaging a healthy +180,000 over the past 12 months. The bigger issue lies within the sluggish growth in Average Hourly Earnings, which is failing to accelerate at a pace commensurate with today's 50-year-low unemployment rate. The Fed would prefer to see more pronounced wage pressure, which should (in theory) breathe more life into U.S. inflation. Ultimately, the new jobs data did little to change our expectations of a very patient Fed that is on hold for the foreseeable future. That bodes well for risk assets near-term and informs our outlook for range-bound U.S. yields. Demonstrable progress towards a Phase II U.S.-China trade deal in the coming weeks would help sustain U.S. equity strength and could provide a catalyst for modestly higher intermediate and long-dated yields.

-Chip Hughey, CFA

Head of Fixed Income Strategy and Services



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Equity	Level	Index Returns %					Δ-1w
		1w	QTD	YTD	1Y	Δ-1w	
S&P 500	3288	1.32	1.83	1.83	29.20		
Dow Jones	28907	0.72	1.35	1.35	23.42		
Nasdaq	9274	2.24	3.38	3.38	34.52		
Russell 2000	1670	0.39	0.09	0.09	16.99		
MSCI EAFE	2039	0.37	0.12	0.12	18.28		
MSCI EM	1144	2.84	2.65	2.65	17.45		

Fixed Income	Yield %	Levels				1Y Trend
		1w	QTD	YTD	1Y	
US Aggregate	2.27	-0.03	0.38	0.38	8.94	
US Credit	2.81	0.05	0.42	0.42	14.45	
Global HY	5.47	0.34	0.44	0.44	10.38	
Municipals	1.65	0.22	0.74	0.74	7.99	

Benchmark Rates	Levels				1Y Trend
	01/13/20	01/06/20	12/12/19	01/17/19	
Fed Fuds	1.54	1.55	1.54	2.40	
1-Month Libor	1.68	1.69	1.74	2.51	
3-Month Libor	1.84	1.87	1.89	2.78	
2Y US Treasury	1.58	1.54	1.63	2.53	
5Y US Treasury	1.65	1.61	1.70	2.53	
10Y US Treasury	1.85	1.81	1.87	2.71	
30Y US Treasury	2.30	2.29	2.29	3.07	
Prime Rate	4.75	4.75	4.75	5.50	
30Y Fixed Mtge	3.80	3.74	3.71	0.00	

Commodities	Levels				1Y Trend
	01/13/20	01/06/20	12/12/19	01/17/19	
WTI Crude	58.08	62.70	59.98	54.33	
Gold	1547.88	1565.74	1476.18	1289.51	

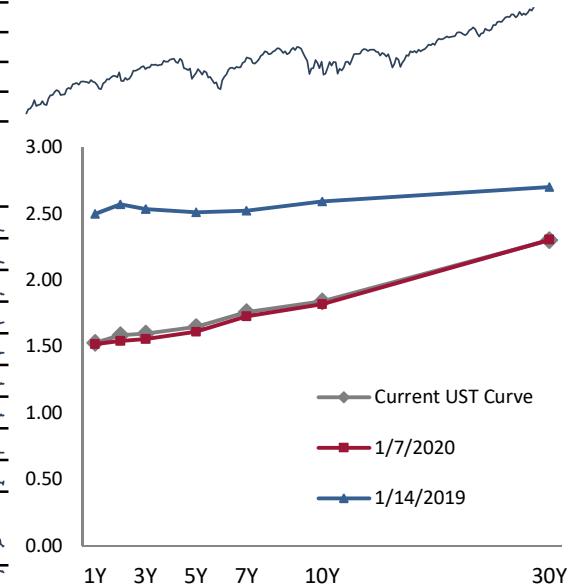
Currency	Levels				1Y Trend
	01/13/20	01/06/20	12/12/19	01/17/19	
\$ USD Index	97.35	96.67	97.02	96.04	
¥ JPY	109.95	108.37	109.55	108.68	
€ EUR	1.11	1.12	1.11	1.14	
£ GBP	1.30	1.32	1.33	1.29	

U.S. Eco Data	Levels				1Y Trend
	Latest	Previous	1Y Trend	1Y Trend	
GDP	2.10	09/30/19	2.00	06/30/19	
Core PCE	1.61	11/30/19	1.66	10/31/19	
NFP	145K	12/31/19	256K	11/30/19	
Avg Hrly Earn	2.90	12/31/19	3.10	11/30/19	
ECI	2.80	09/30/19	2.70	06/30/19	

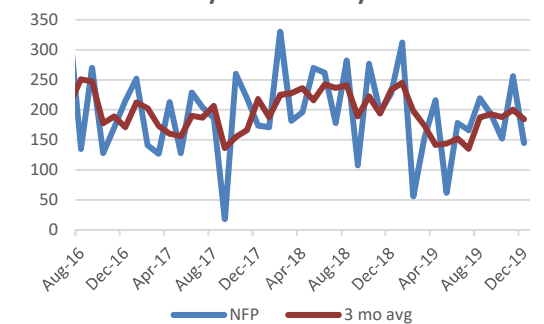
Look Ahead

- Phase 1 of U.S.-China trade deal is set to be signed Wednesday in Washington with more details expected to be made public
- Earnings season kicks off in earnest this week; banks on deck first
- China reports Q4 GDP; U.S. to print Dec. Industrial Production and Retail Sales

S&P 500 INDEX | 1Y



[Weekly Chart] U.S. Monthly Nonfarm Payrolls Added



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