

Look Back

- U.S. and China signed Phase One of a trade truce dissipating some of the tensions between the two global powers
- Impeachment articles were sent to the Senate, triggering a trial set to begin today
- Large U.S. banks reported strong Q4 earnings helped by trading revenue

US 10 Year | 1Y



Last week, the U.S. and China signed Phase One of its long-gestating trade deal. Some new details of the partial deal were also released. The agreement lacks any major surprises, but it did include fairly significant commitments from China to purchase an array of U.S. products over the next 24 months. Phase One aligned closely with market expectations, which kept volatility at bay and freed U.S. equity markets to reach new all-time highs. Trades focused on the near-term reduction of trade uncertainty and better-than-expected U.S. data (i.e., December's Housing Starts and Retail Sales). We continue to monitor the struggling global manufacturing sector, which may drag on this week's Leading Economic Index release. With corporate earnings season in full swing and banks already reporting decent quarters, market eyes will turn toward the Fed's reaction to all these events next week when they meet for the first time in 2020.

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Index Returns %

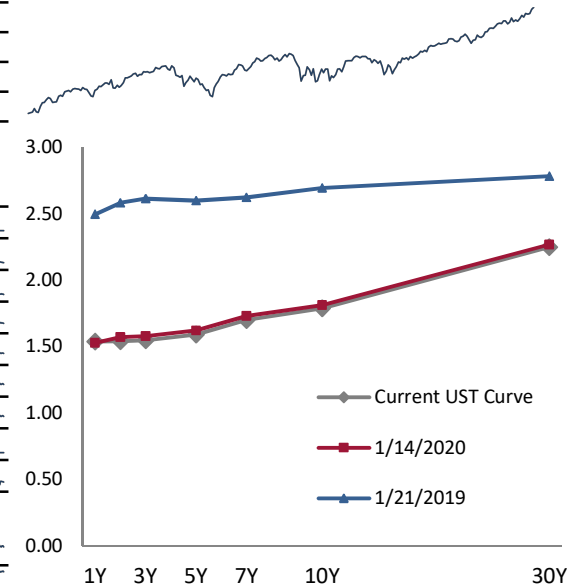
| Equity | Level | Index Returns % | | | | | Δ-1w |
|--------------|-------|-----------------|------|------|-------|--|------|
| | | 1w | QTD | YTD | 1Y | | |
| S&P 500 | 3330 | 1.99 | 3.14 | 3.14 | 28.85 | | |
| Dow Jones | 29348 | 1.84 | 2.92 | 2.92 | 23.38 | | |
| Nasdaq | 9389 | 2.29 | 4.67 | 4.67 | 34.02 | | |
| Russell 2000 | 1700 | 2.54 | 1.90 | 1.90 | 17.49 | | |
| MSCI EAFE | 2056 | 0.86 | 0.98 | 0.98 | 18.03 | | |
| MSCI EM | 1146 | 0.16 | 2.81 | 2.81 | 15.68 | | |

| Fixed Income | Yield % | Index Returns % | | | |
|--------------|---------|-----------------|------|------|-------|
| | | 1w | QTD | YTD | 1Y |
| US Aggregate | 2.25 | 0.06 | 0.50 | 0.50 | 9.19 |
| US Credit | 2.78 | 0.19 | 0.74 | 0.74 | 14.81 |
| Global HY | 5.54 | 0.23 | 0.67 | 0.67 | 9.86 |
| Municipals | 1.60 | 0.32 | 1.04 | 1.04 | 8.22 |

Look Ahead

- World Economic Forum held in Davos with business leaders set to congregate
- European Central Bank to set their first monetary policy decision in 2020
- Earnings continue with Financials, Industrials and other names like NFLX, TXN, and CMCSA
- Data: New and Existing Home Sales, LEI

S&P 500 INDEX | 1Y



| Benchmark Rates | Levels | | | | 1Y Trend |
|-----------------|----------|----------|----------|----------|----------|
| | 01/20/20 | 01/13/20 | 12/19/19 | 01/25/19 | |
| Fed Fuds | 1.54 | 1.54 | 1.54 | 2.40 | |
| 1-Month Libor | 1.65 | 1.68 | 1.76 | 2.51 | |
| 3-Month Libor | 1.82 | 1.83 | 1.91 | 2.77 | |
| 2Y US Treasury | 1.56 | 1.58 | 1.65 | 2.59 | |
| 5Y US Treasury | 1.62 | 1.65 | 1.75 | 2.58 | |
| 10Y US Treasury | 1.82 | 1.85 | 1.93 | 2.74 | |
| 30Y US Treasury | 2.28 | 2.30 | 2.36 | 3.06 | |
| Prime Rate | 4.75 | 4.75 | 4.75 | 5.50 | |
| 30Y Fixed Mtge | 3.78 | 3.80 | 3.77 | 0.00 | |

| Commodities | Levels | | | | 1Y Trend |
|-------------|----------|----------|----------|----------|----------|
| | 01/20/20 | 01/13/20 | 12/19/19 | 01/25/19 | |
| WTI Crude | 58.54 | 58.08 | 61.18 | 54.92 | |
| Gold | 1560.77 | 1547.88 | 1485.79 | 1285.22 | |

| Currency | Levels | | | | 1Y Trend |
|----------------|----------|----------|----------|----------|----------|
| | 01/20/20 | 01/13/20 | 12/19/19 | 01/25/19 | |
| \$ USD Index | 97.61 | 97.35 | 97.66 | 96.30 | |
| ¥ JPY | 110.18 | 109.95 | 109.40 | 109.37 | |
| € EUR | 1.11 | 1.11 | 1.11 | 1.14 | |
| £ GBP | 1.30 | 1.30 | 1.29 | 1.30 | |

| U.S. Eco Data | Levels | | | | 1Y Trend |
|---------------|--------|----------|----------|----------|----------|
| | Latest | Previous | 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 | |

[Weekly Chart] IG Corp Spread vs Treasuries (Bps)

