

Look Back

- Coronavirus outbreak in China infected over 4500 and killed over 100 with multiple cities locked down in the Wuhan region
- Senate trial of the President's impeachment started with clear partisan divide
- Data: Leading Economic Index declined again MoM; close to 0% YoY change

US 10 Year | 1Y



Coronavirus fears are disrupting the steadfast risk-on bias that has prevailed thus far in 2020. The S&P 500 is down roughly 2% over the past 10 days. The associated bid for safe-haven assets has pulled 10 Year U.S. Treasury yields down by more than 20 basis points over the same span (to roughly 1.60%), the lowest absolute level since October. The virus' potential reach remains a significant point of uncertainty. China's ability to quarantine the situation quickly and to limit further global contagion will warrant close surveillance. However, it is worth noting that other sources of market anxiety (i.e., trade disputes, Fed policy, U.S.-Iran tensions) have been relatively quiet as of late. Therefore, the abrupt arrival of the coronavirus onto the global stage came as investors were particularly bullish following a few weeks of unfettered optimism, especially in the U.S. For now, the virus threat is providing an overdue opportunity for the U.S. equity market to catch its breath after an exceptionally hot start to the year.

-Chip Hughey, CFA

Head of Fixed Income Strategy and Services



Index Returns %

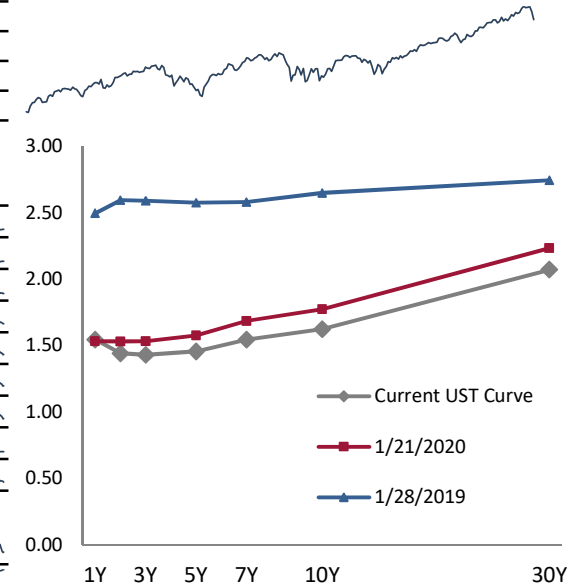
Equity	Level	Index Returns %				
		1w	QTD	YTD	1Y	Δ-1w
S&P 500	3244	-2.57	0.49	0.49	24.17	
Dow Jones	28536	-2.75	0.09	0.09	18.18	
Nasdaq	9139	-2.66	1.89	1.89	28.99	
Russell 2000	1644	-3.26	-1.42	-1.42	12.46	
MSCI EAFE	2007	-2.38	-1.42	-1.42	14.67	
MSCI EM	1103	-3.72	-1.01	-1.01	9.83	

Fixed Income	Yield %	Index Returns %			
		1w	QTD	YTD	1Y
US Aggregate	2.09	1.06	1.57	1.57	10.11
US Credit	2.64	1.24	1.99	1.99	15.31
Global HY	5.91	-0.89	-0.23	-0.23	8.39
Municipals	1.49	0.61	1.66	1.66	8.94

Look Ahead

- Q4 Earnings season continues with big tech names and industrials set to report: AAPL, FB, AMZN, BA, IP, GE, XOM, CVX
- The FOMC meets; Fed Funds rate likely unchanged
- Data: U.S. Q4 GDP, Personal Income & Spending, Durable Goods

S&P 500 INDEX | 1Y



Benchmark Rates	Levels				1Y Trend
	01/27/20	01/17/20	12/26/19	01/31/19	
Fed Fuds	1.55	1.54	1.54	2.40	
1-Month Libor	1.66	1.65	1.80	2.51	
3-Month Libor	1.80	1.80	1.94	2.74	
2Y US Treasury	1.44	1.56	1.57	2.57	
5Y US Treasury	1.44	1.62	1.67	2.55	
10Y US Treasury	1.61	1.82	1.88	2.71	
30Y US Treasury	2.06	2.28	2.33	3.04	
Prime Rate	4.75	4.75	4.75	5.50	
30Y Fixed Mtge	3.73	3.78	3.86	0.00	

Commodities	Levels				1Y Trend
	01/27/20	01/17/20	12/26/19	01/31/19	
WTI Crude	53.14	58.38	61.53	54.87	
Gold	1582.06	1560.77	1515.16	1311.79	

Currency	Levels				1Y Trend
	01/27/20	01/17/20	12/26/19	01/31/19	
\$ USD Index	97.96	97.61	96.74	95.82	
¥ JPY	108.90	110.18	108.88	109.40	
€ EUR	1.10	1.11	1.12	1.14	
£ GBP	1.31	1.30	1.31	1.31	

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	

[Weekly Chart]

U.S. Treasury 10 yr - 2 yr Spread Bps

