

## Look Back

- U.S. drone strike killed Iranian military leader Soleimani, creating geopolitical uncertainty
- ISM PMI contracted for 5th straight month
- Markets closed globally in observance of New Year's Day
- U.S. vehicle sales in Q4 worse vs. analyst estimates

US 10 Year | 1Y



U.S. equities are retreating from all-time highs in response to heightened uncertainty in the Gulf region. The White House's successful drone strike on Iranian General Qassem Soleimani halted U.S. equities' climb, which have retreated roughly -0.75% since their January 1st highs. Equity traders are downshifting into a holding pattern and will monitor how – and to what degree – Iran responds to the attack. Brent oil futures have advanced more than 3% since news broke of Soleimani's assassination. The oil price rally is a driving force behind higher U.S. yields as participants recalibrate their inflation expectations. Simultaneously, equity bulls have their eye on the scheduled signing of the Phase One U.S.-China trade deal next Wednesday. It is unlikely that inking the mini-deal creates its own upward thrust in risk momentum given the deal's limited scope. We suspect markets will quickly demand signs of continued progress on the next phase before doubling-down on the recent rally.

-Chip Hughey, CFA

Head of Fixed Income Strategy and Services



Sterling Advisors

Equity	Level	Index Returns %					Δ-1w
		1w	QTD	YTD	1Y		
S&P 500	3246	0.81	0.50	0.50	30.79		
Dow Jones	28703	0.89	0.62	0.62	25.49		
Nasdaq	9071	1.42	1.12	1.12	36.12		
Russell 2000	1663	-0.03	-0.30	-0.30	22.17		
MSCI EAFE	2032	-0.20	-0.25	-0.25	21.28		
MSCI EM	1113	-0.51	-0.18	-0.18	18.51		

Fixed Income	Yield %	Levels				1Y	Δ-1w
		1w	QTD	YTD	1Y		
US Aggregate	2.25	0.33	0.41	0.41	8.93		
US Credit	2.81	0.24	0.37	0.37	14.78		
Global HY	5.60	0.15	0.09	0.09	11.80		
Municipals	1.69	0.51	0.52	0.52	7.72		

Benchmark Rates	Levels				1Y Trend
	01/06/20	12/27/19	12/05/19	01/10/19	
Fed Fuds	1.55	1.54	1.54	2.40	
1-Month Libor	1.71	1.80	1.71	2.52	
3-Month Libor	1.87	1.94	1.89	2.80	
2Y US Treasury	1.54	1.57	1.61	2.59	
5Y US Treasury	1.61	1.67	1.66	2.58	
10Y US Treasury	1.81	1.88	1.82	2.73	
30Y US Treasury	2.29	2.33	2.25	3.01	
Prime Rate	4.75	4.75	4.75	5.50	
30Y Fixed Mtge	3.74	3.86	3.70	0.00	

Commodities	Levels				1Y Trend
	01/06/20	12/27/19	12/05/19	01/10/19	
WTI Crude	63.27	61.68	59.10	52.90	
Gold	1565.74	1515.16	1461.68	1285.39	

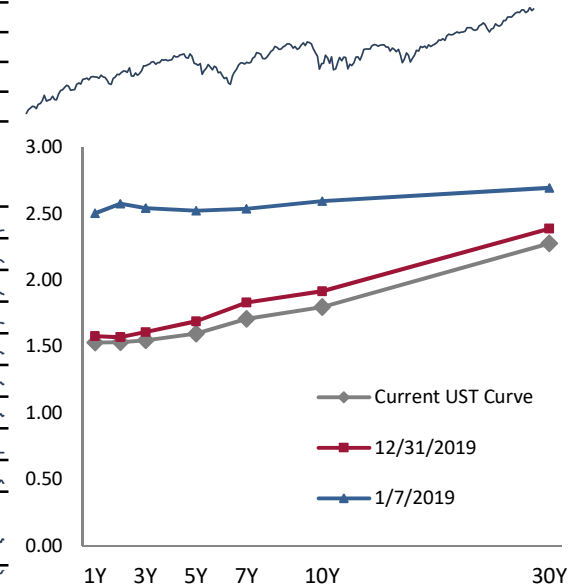
Currency	Levels				1Y Trend
	01/06/20	12/27/19	12/05/19	01/10/19	
\$   USD Index	96.67	96.74	97.64	95.90	
¥   JPY	108.37	108.88	108.56	108.75	
€   EUR	1.12	1.12	1.11	1.14	
£   GBP	1.32	1.31	1.31	1.27	

U.S. Eco Data	Levels				1Y Trend
	Latest	Previous	1Y	Δ-1w	
GDP	2.10	09/30/19	2.00	06/30/19	
Core PCE	1.61	11/30/19	1.66	10/31/19	
NFP	266K	11/30/19	156K	10/31/19	
Avg Hrly Earn	3.10	11/30/19	3.20	10/31/19	
ECI	2.80	09/30/19	2.70	06/30/19	

## Look Ahead

- U.K.'s Brexit deal will be likely approved with 80 seat Conservative Party majority now
- C.E.S. Conference returns to Las Vegas, showcasing new tech; Apple returns after decades of abstaining
- U.S. Data: Factory Orders, Durable Goods, Employment Report

S&P 500 INDEX | 1Y



| Weekly Chart |  
S&P 500 Estimated Forward P/E

