WEEKLY MARKET WRAP

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Volatility is back and it had investors worried in a holiday-shortened week. Investors tried to decide whether rising interest rates mean reassuring economic growth or an unsettling boost in inflation. The U.S. equity market ended the week up 0.58% while global equities declined slightly, -0.43%. On the fixed income side, Treasuries traded in a tight range this week despite some mildly hawkish minutes from the FOMC and the U.S. 10-year Treasury note yield rose to 2.92% from last Friday's 2.87%.

- **Economic Data:** Last week had few economic releases, but data on *existing homes* sales showed that sales fell for the second straight month in January, as a lack of options for buyers continued to weigh on activity. Existing home sales declined 3.2% in January to a 5.38 million annual rate, below the consensus expected 5.60 million. Sales in January fell in all the major regions and are down 4.8% versus a year ago. The median price of an existing home fell to $240,500 in January, but is up 5.8% versus a year ago. Average prices are up 4.7% versus last year.
- **Equity:** The U.S. equity market ended the week up, but it was a volatile week with large price swings. Investors remained highly sensitive to headlines surrounding higher interest rates and inflation. Friday's strong close helped the broad market climb from red to black ink on the charts. The best performing sectors were information technology and utilities, while the worst performers were telecommunications and consumer staples. In Europe, UK equities were 0.4% lower, while the Euro Stoxx 600 was up 0.2% as earnings results spurred mixed market sentiment. In Asia, equity markets slightly rallied with the TOPIX Index up 1.3%. WTI crude oil rose to $63.55, supported by lower U.S. crude inventories. The U.S. Dollar rose against other major currencies, driving the U.S. Dollar Index up 1%.
- **Fixed Income:** U.S. Treasury yields showed mixed results with the market reacting negatively to the more hawkish comments in the Federal Reserve (Fed) January meeting notes. Most non-Treasury sectors lagged the modest Treasury returns. The U.S. 10-Year Treasury yields were flat at 2.87% for the week, falling from a 4-year high of 2.95%. Pressures from a higher likelihood of multiple rake hikes weighed down market confidence. The Global Aggregate Index had the lowest total return, dragged down by weak performance in the Pan European region.
- **Corporate News / Earnings:** With about 90% of the companies in the S&P 500 index having reported fourth-quarter results, earnings per share rose close to 15% from the same quarter a year earlier.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays US Agg Bond TR	0.00%	-2.13%	-2.13%
Barclays US Corp High Yield TR	-0.07%	-0.55%	-0.55%
Barclays Global Aggregate TR	-0.43%	0.57%	0.57%
JPM EMBI Global TR	-0.21%	-2.35%	-2.35%
S&P 500 TR	0.58%	3.05%	3.05%
Russell 3000 TR	0.53%	2.72%	2.72%
Russell 2000 TR	0.38%	1.01%	1.01%
NASDAQ Composite TR	1.36%	6.45%	6.45%
S&P Global BMI NR	0.35%	2.17%	2.17%
MSCI EAFE NR	-0.44%	0.91%	0.91%
MSCI EAFE Small Cap NR	0.38%	2.02%	2.02%
MSCI Europe NR	-0.96%	0.40%	0.40%
MSCI EM NR	1.42%	5.16%	5.16%

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