



WEEKLY MARKET WRAP

REVIEW & PREVIEW

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Stocks declined all major indexes last week with bonds firming as the 10-year Treasury yield fell to its lowest level since May 2013, ending the week at 1.67%. All ten sectors declined on the week, and this week brings another full slate of 4th quarter earnings reports, half-way through earnings the major themes remain stronger dollar and energy declines.

- Economic Update:** The initial 4th quarter GDP released showed the U.S. economy growing at 2.6, below estimates. Durable goods have leveled and housing is still experiencing slow growth, but consumer spending is back to expanding at 4.3%, the fastest since 2006. Jobless claims fell to 265K, lowest level since 2000.
- Oil Prices Nearing Bottom?** Oil prices fell below \$44/barrel but rebounded by 8% on Friday, possibly indicating oil price declines have come to an end.
- FOMC Statement:** The Fed's post-meeting statement last week indicated the Fed remains on target to raise interest rates later in the year but mentioned they will be monitoring international developments as well as ongoing economic data before changing monetary policy.
- Earnings Update:** 4th quarter earnings reports were boosted by Apple last week, which came in with a record \$18 billion quarterly profit. Halfway through earnings season 80% of companies have beat estimates with S&P 500 aggregate earnings growth at 2.1%. Taking out the energy stocks, earnings have grown by 5.1%.
- International Markets:** Government bond yields have plunged to record lows in Germany and Britain, with 10-year bonds falling to 0.32% and 1.37%. Russia's central bank cut interest rates 2% to 15% as they shift from defending ruble currency to fighting off a recession. Mexico announced \$8 billion in budget cuts due to falling oil revenues.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	0.59	2.10	2.10
Barclays High Yield	0.34	0.66	0.66
Barclays Glb Agg Bond	0.36	-0.16	-0.16
JPM Emerging Mkts Bond	-0.01	0.34	0.34
S&P 500 Index	-2.75	-3.00	-3.00
Russell 3000	-2.55	-2.78	-2.78
Russell 2000	-1.96	-3.22	-3.22
NASDAQ Composite	-2.56	-2.08	-2.08
S&P Global BMI	-1.71	-1.45	-1.45
MSCI EAFE Index	-0.26	0.49	0.49
MSCI EAFE Small Cap	0.76	0.16	0.16
MSCI Emerging Markets	-2.94	0.60	0.60

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