



# WEEKLY MARKET WRAP

## REVIEW & PREVIEW

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Stocks rallied last week, rebounding from January's losses on rebounding oil prices, optimism for a Greek debt deal, and hopes for a ceasefire in the Ukraine-Russian conflict. Last week's jobs report sent Treasury bond prices down, renewing forecasts for a mid-year Fed interest rate hike. This week brings the tail-end of 4<sup>th</sup> quarter earnings reports.

- Economic Update:** The jobs report showed 257K in gains during January with the unemployment rate remaining at 5.7%. The ISM Manufacturing Index slowed to 53.5 and the ISM Service Index came in at a healthy 56.7, ahead of last month. Mortgage applications rose slightly.
- Jobs Report and Revisions:** The jobs report last week not only showed healthy gains for January, but revised up the gains for November and December by 147K jobs. This moved the 3-month average job gains to 336K, the highest quarterly gain since 1997.
- Fed Rate Hike On Again for 2015?:** The 10-year Treasury rose to 1.94% on Friday, following the jobs report, the biggest one-day yield increase since November 2013. *Futures on Fed interest rates indicate a 70% probability of an interest rate hike in June.*
- Greek Hard Bargaining Ahead:** Greek bond yields rose sharply last week as the European Central Bank moved to no longer accept Greek bonds as collateral. *Tense bargaining ahead for the European Union, ECB, IMF, and Greece.*
- Oil Rebounds Again:** Oil prices rebounded again last week, with West Texas Intermediate (WTI) rising 7% on the week to \$52/barrel. Look for a tick up in gas prices as a steelworker strike is impacting 15% of gas refineries, though negotiations are ongoing with temporary hiring.
- China Slows, Reserve Rate Cut:** China's economy showed further signs of slowing, and their central bank reduced the reserve requirement for commercial banks, spurring local lending.

<i>Index/Portfolio Returns</i>	<i>% Change Week</i>	<i>% Change QTD</i>	<i>% Change YTD</i>
Barclays Aggregate Bond	-1.00	1.07	1.07
Barclays High Yield	0.98	1.65	1.65
Barclays Glb Agg Bond	-0.61	-0.76	-0.76
JPM Emerging Mkts Bond	0.58	0.93	0.93
S&P 500 Index	3.12	0.02	0.02
Russell 3000	3.14	0.27	0.27
Russell 2000	3.46	0.13	0.13
NASDAQ Composite	2.43	0.29	0.29
S&P Global BMI	2.43	0.94	0.94
MSCI EAFE Index	1.66	2.16	2.16
MSCI EAFE Small Cap	1.65	1.81	1.81
MSCI Emerging Markets	1.80	2.41	2.41

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