

Weekly Market Update



General Market News

- The 10-year Treasury yield dropped as low as 2.32 percent last Wednesday, a level it's touched twice since November. It opened at 2.42 percent early this Monday morning, after a sell-off late last week. The 30-year yield was once again below 3 percent last week and opened Monday around that same level.
- Markets moved higher last week, with the S&P 500 and Nasdaq Composite indices posting gains of 0.87 percent and 1.24 percent, respectively. The first three days of the week were mostly flat, but President Trump's statement about plans to reduce the tax burden on American business pushed markets higher on Thursday. Friday brought news on international policy, with Trump stating in a call with Chinese President Xi Jinping that his administration would respect the "One China" policy, indicating a softer stance on U.S.-China relations moving forward. The industrial, consumer discretionary, and technology sectors led the way last week, with energy, materials, and telecom lagging.
- In a quiet week for the economy, the international trade deficit was shown to have narrowed slightly in December. Exports were strong during the month, increasing by 2.7 percent and outweighing imports. Both imports and exports posted solid monthly gains, suggesting improved demand. In other news, consumer sentiment fell back in its preliminary February reading but remains at high levels. The decline is centered in the expectations component, as inflation expectations have picked up. Overall, the report suggested some division in confidence levels between Democrats and Republicans, with confidence among Democrats near all-time lows since the election. This gap, however, is likely to moderate over time.

% Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	0.87	1.74	3.66	27.78
Nasdaq Composite	1.24	2.19	6.63	35.53
DJIA	1.13	2.20	2.84	30.69
MSCI EAFE	-0.02	0.55	3.48	19.09
MSCI Emerging Markets	1.25	2.32	7.93	30.83
Russell 2000	0.83	2.02	2.43	46.32

Source: Bloomberg

Market Index Performance Data (continued)

FIXED INCOME

Index	Month-to-Date (MTD) %	Year-to-Date (YTD) %	12-Month %
U.S. Broad Market	0.27	0.46	1.32
U.S. Treasury	0.22	0.45	-1.59
U.S. Mortgages	0.25	0.21	0.42
Municipal Bond	0.28	0.94	-0.60

Source: Morningstar Direct



What to Look Forward To

We will see several January data releases this week, with the focus first turning to inflation and the **Consumer** and **Producer Price** indices.

The week will continue with **Retail Sales**, expected to have been stronger (excluding autos) in January, and **Industrial Production**, expected to have been flat.

Finally, data on **Housing Starts** and building permits will be released.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. Rev. 02/17.

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