

Markets have started the year strong, with the S&P 500 up more than 4% year-to-date. This week saw a return of 0.75%. Investors are impatiently waiting for company earnings to come in. Only 23% of financial companies have reported sales and earnings for the fourth quarter of 2018. So far, it has been a bit of a mixed bag for the sector. Sales surprise is a little light at -0.6%, with positive growth of 2.43%. Earnings news is more positive, with a surprise of 1.5% and growth of 11.23%. The large banks have been negatively impacted by a slowdown in fixed income trading revenues, but solace can be found in loan and net interest income growth. The quarter's earnings will shed light on how businesses and consumers are reacting to trade policies and Federal Reserve actions.

This was a relatively quiet week for economic news. Growth in consumer prices slowed in December, with the year-over-year headline Consumer Price Index (CPI) growth rate for the month at 1.9%. This is after November's growth of 2.2%. The slower growth has been attributed to oil pricing pressures. CPI growth was at 2.2% after excluding the volatility associated with oil and food prices. The Fed is still hawkishly looking at price levels to determine if a rate hike is needed.

The Empire State Manufacturing Index, a monthly survey of manufacturers in New York State, came in at 3.9. This is substantially lower than the expected 12.2. The report wasn't all bad, as readings greater than zero are generally considered positive indicators of economic expansion.

The Fed released its Beige Book report this week. The report shows a positive economic picture but highlights slowing optimism due to increased financial market volatility. There are indications in the report that businesses may reduce the number of investments they plan to make in 2019.

Oil prices were flat this week after the initial 10%+ run seen at the beginning of the year. Pricing pressure fears remain as U.S. producers increase output, now pushing out 12 million barrels of oil per day. This increased production, coupled with flat global demand, is a source of frustration for OPEC.

## Weekly Market Topics

- **Economy**
- **Fixed Income Markets**
- **Equity Markets**

*All data is as of the above referenced date.*

Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper bound)	2.50	1.50	0.50
3-Month T-Bill	2.41	1.44	0.23
10-Year Treasury	2.72	2.59	2.03
30-Year Treasury	3.07	2.86	2.81
10-Year Corporate AA	3.70	3.33	3.26
10-Year High Yield Corp.	6.55	5.37	6.35

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,293.67	1,326.84	1,088.88
Oil (WTI, \$/barrel)	52.31	60.03	43.14

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	96.06	90.54	98.96
USD/EUR	0.88	0.82	0.92
USD/JPY	109.09	111.29	116.98

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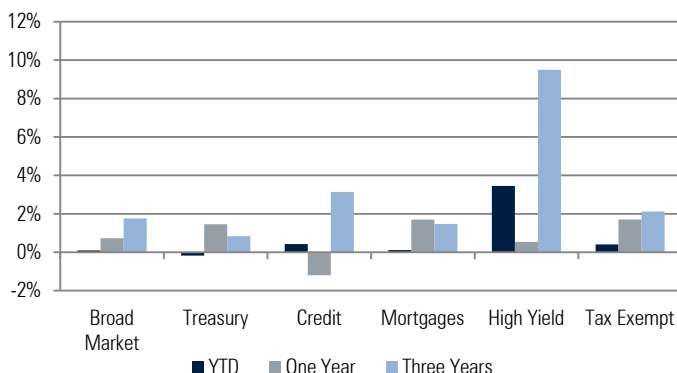
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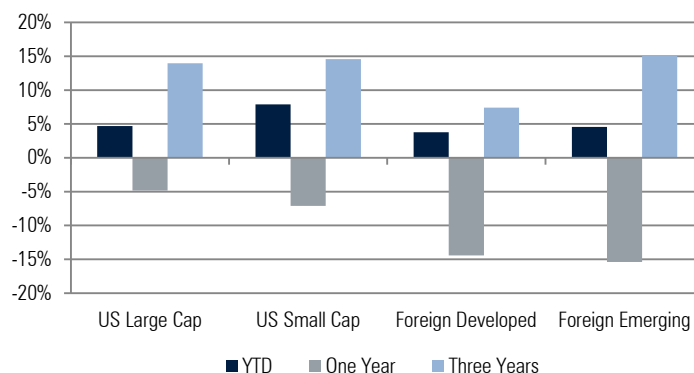
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**Bond Market Total Returns**



**Equity Market Total Returns**



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.

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