

THE WEEK IN REVIEW

U.S. stocks continued their upwards climb in a busy final full week of January. The Senate voted to end a short-lived government shutdown and officially confirmed Trump administration nominee Jerome Powell as the new Chairman of the Federal Reserve. The administration also updated their international trade policy this week by approving tariffs of up to 50% on imported large washing machines and parts, and up to 30% on solar panels. Meanwhile, eighty S&P 500 constituents reported fourth quarter results headlined by Johnson & Johnson, The Procter & Gamble Co., Netflix Inc., General Electric Co., Starbucks Corp. and Verizon Inc. The Dow Jones Industrial Average and S&P 500 Index both advanced more than 2.1% to end the week at all-time highs. The S&P 500 has ascended 7.5% so far in 2017, notching record highs on fourteen of the nineteen trading days thus far in January. Healthcare was the top performing S&P 500 sector, driven by well-received quarterly earnings results from biopharmaceutical firms Abbvie Inc. and Biogen medical equipment maker Varian Medical Systems Inc. Brazil was the top performing equity market this week following the upholding of a corruption conviction against former President Luiz Inacio Lula da Silva.

In other markets, yields on the benchmark ten-year Treasury bond traded in a tight band to close the week unchanged at 2.66%. Meanwhile, the U.S. dollar continued its weakening trend against the euro, as the common currency climbed 1.6% to \$1.2424 against the greenback – its highest weekly close since December 2014. Dollar softness was in part driven by European Central Bank President Mario Draghi's Thursday remarks on healthy growth in the euro region and U.S. Treasury Secretary Steven Mnuchin's comments earlier in the week suggesting a weaker dollar would be beneficial for U.S. trade.

The Commerce Department reported on Friday morning the U.S. economy grew at an annualized rate of 2.6% in the fourth quarter 2017 coming in 0.4% below the Bloomberg survey median. The first estimate of fourth quarter Gross Domestic Product (GDP) growth broke a two quarter streak of 3.0% or better annualized growth. Solid growth in both the consumer and business components of the report offset a widening trade deficit in the final three months of 2017. Import growth roughly doubled growth in exports during the quarter against a backdrop of strong domestic demand for foreign goods and a weakened dollar. The biggest contributor to GDP was consumer spending, which grew at an annualized rate of 3.8% in the quarter. Consumer spending accounts for about two-thirds of U.S. GDP. The second and final revisions of fourth quarter GDP are scheduled for February and March, respectively.

| ECONOMIC INDICATOR | LATEST | 3MO PRIOR | CHANGE |
|--------------------------------|--------|-----------|--------|
| GDP | 2.6% | 3.2% | ▼ |
| Existing Home Sales (Millions) | 5.57 | 5.37 | ▲ |
| New Home Sales (Thousands) | 625 | 639 | ▼ |
| Durable Goods | 2.90% | 2.40% | ▲ |

| INDEX | LEVEL | WEEK | YTD | 12 MO |
|-----------------------|----------|-------|--------|--------|
| DJ Industrial Average | 26616.71 | 2.09% | 7.68% | 32.42% |
| NASDAQ | 7505.77 | 2.31% | 8.73% | 32.72% |
| S&P 500 Large Cap | 2872.87 | 2.23% | 7.45% | 25.09% |
| MSCI EAFE | 2186.65 | 1.59% | 6.62% | 25.70% |
| Barclays Aggregate US | 2031.16 | 0.19% | -0.74% | 2.87% |

| KEY BOND RATES | WEEK | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill | 1.41% | 1.33% | 0.50% |
| 10-Year Treasury | 2.66% | 2.48% | 2.50% |

| REPORTS DUE NEXT WEEK | LATEST |
|-----------------------|---------|
| Personal Income | 0.3% |
| ISM Manufacturing | 59.3 |
| Non-Farm Payrolls | 148,000 |

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

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