

Global Overview: US markets rose sharply in the days leading up to the Fed's announcement as investors squared positions and immediately afterwards on a possibly short-lived relief rally, likely interpreted as a vote of confidence in the US economy and a step away from emergency level interest rates, but gave back gains towards the end of the week. The S&P 500 closed at -0.3%, the DJIA at -0.8% and the Nasdaq at -0.2% (Nasdaq still the only major US index positive on a YTD basis). Markets saw volatility increase driven by lower oil prices, options/futures expiration (quadruple witching) as well as mixed macro data. The Fed decided to raise interest rates to 0.25%-0.50% from 0.00%-0.25%, the first time in nine years, with Fed officials expecting four quarter-point rate increases in 2016 well-ahead of market's expectations. Oil fell for a third consecutive week on a continuous glut in inventories, warmer than expected weather unfavorably impacting refinery demand and an unexpected rise in rig counts for the first time in five weeks. European equities traded higher with the Stoxx 600 and the FTSE 100 ending at +1.5% and +1.7% respectively welcoming the Fed's decision to expand policy divergence with the ECB and on better than expected macro data. US Treasury yields rose on the back of the Fed's move, despite giving back gains by the end of the week as US equities fell and investors went into risk-off mode, while HY firmed up. The Nikkei finished the week lower after likely investor disappointment following Bank of Japan's surprise move, albeit uninspiring, to expand measures to support its QE program. Important US macro data this week include the Chicago Fed national activity index, Q3 GDP annualized, existing home sales, personal income, personal spending, Core PCE price index, durable goods, Reuters/Michigan consumer sentiment, new home sales, EIA crude oil change and initial jobless claims. Other macro data include EU consumer confidence, UK Gfk consumer confidence, UK GDP, JPY national CPI and JPY unemployment rate. Earnings reports to come from ConAgra Foods, Micron Technology, Nike and Paychex among others.

Previous Week Macro Data

	Actual	Cons.
EU Industrial production (YoY) (Oct)	1.9%	1.3%
EU ZEW survey – econ. sentiment (Dec)	33.9	34.4
US NY Empire State manuf. index (Dec)	-4.59	-6.00
US CPI (YoY) (Nov)	0.5%	0.4%
US NAHB Housing market index (Dec)	61	63
EU Markit manufacturing PMI (Dec)	53.1	52.8
UK ILO unemployment rate (3M) (Oct)	5.2%	5.3%
EU CPI (YoY) (Nov)	0.2%	0.1%
US Industrial production (MoM) (Nov)	-0.6%	0.1%
US Flash Markit manufacturing PMI (Dec)	51.3	52.6
US EIA crude oil Δ (Dec 11)	4.80M	-1.85M
US Initial jobless claims (Dec 11)	271K	275K
US Philadelphia Fed manuf. survey (Nov)	-5.9	2.0
JPY BoJ interest rate decision	0.1%	-
US Markit services PMI (Dec)	53.7	56.0

Upcoming Week Macro Data

	Cons.	Prior
M US Chicago Fed nat'l activity index (Nov)	0.10	-0.04
M EU Consumer confidence (Dec)	-5.9	-5.9
T CNY CB leading economic index (Nov)	-	0.6%
T UK Gfk consumer confidence (Dec)	1	1
T US GDP annualized (Q3)	1.9%	2.1%
T US Existing home sales Δ (MoM) (Nov)	-0.4%	-3.4%
W UK GDP (YoY) (Q3)	2.3%	2.3%
W US Personal income (MoM) (Nov)	0.2%	0.4%
W US Personal spending (Nov)	0.3%	0.1%
W US Core PCE price index (YoY) (Nov)	1.3%	1.3%
W US Durable goods orders (Nov)	-0.7%	2.9%
W US Reuters/Mich. cons. sent. index (Dec)	92.0	91.8
W US New home sales Δ (MoM) (Nov)	2.0%	10.7%
W US EIA crude oil Δ (Dec 18)	-	4.80M
Th US Initial jobless claims (Dec 18)	270K	271K
Th JPY National CPI (YoY) (Nov)	0.3%	0.3%
Th JPY Unemployment rate (Nov)	3.2%	3.1%

Upcoming Week Key Earnings

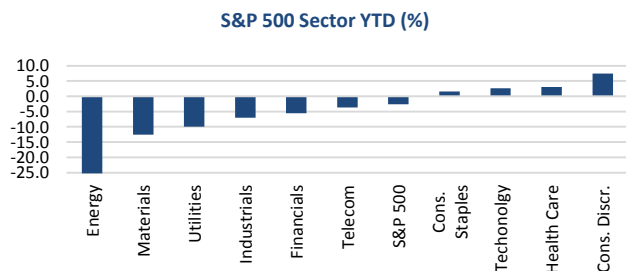
T ConAgra Foods, Micron Technology, Nike, Paychex

Upcoming Week Policy & Related Events

M JPY Monthly economic survey
 W JPY Monetary policy meeting minutes
 Th JPY BoJ Kuroda speech

Equities	Value	1 Week	YTD	EPS %	P/E	Div. Yld.
S&P 500	2,005.6	-0.34	-2.6	5.4	17.6	2.2
Dow Jones	17,128.6	-0.79	-3.9	-1.5	15.3	2.6
NASDAQ	4,923.1	-0.21	3.9	12.5	20.9	1.2
Russell 2000	1,121.0	-0.23	-6.9	5.8	18.5	1.5
STOXX 600	361.2	1.53	5.5	15.1	18.0	3.5
FTSE 100	6,052.4	1.67	-7.8	14.4	17.4	4.3
NIKKEI 225	18,916.0	-1.64	8.4	2.9	18.7	1.7
Shanghai Index	3,642.5	6.05	12.6	13.7	16.8	1.9
S&P Pan Arab	651.3	-0.04	-18.1	3.1	11.2	4.0
MSCI ACWI	1,687.2	-0.17	-4.9	2.8	15.6	3.3
MSCI EM	789.7	2.09	-17.4	-7.9	10.7	3.0

Fixed Income	Value	Yield	YTD
Barclays Global Aggregate	442.6	1.7	-3.1
Barclays Global Agg. – Corporate	228.3	3.0	-3.3
Barclays Global High Yield	1,031.7	8.2	-3.3
Markit CDX N.A. Investment Grade	95.3	NA	NA
Markit CDX N.A. High Yield	99.4	NA	NA
Markit iTraxx Europe	64.9	NA	NA
Markit iTraxx ITX Crossover	339.6	NA	NA



Rates	Value	Yield
Treasuries 2-Yr	99.8	1.0
Treasuries 10-Yr	100.3	2.2
Treasuries 30-Yr	101.6	2.9
Gilts 10-Yr	101.5	1.8
Bunds 10-Yr	104.1	0.6
French 10-Yr	100.8	0.9
Italian 10-Yr	103.5	1.6
Spanish 10-Yr	102.9	1.8
Greek 10-Yr	72.2	7.9
JGBs 10-Yr	100.3	0.3

Volatility	Value	YTD
S&P 500 VIX	20.7	7.8
Euro Stoxx 50 VIX	23.9	-8.7
Crude Oil VIX	47.9	-4.6
Interest Rate VIX	84.9	0.1

Investment Style YTD (%)

	Value	Blend	Growth
Large	-7.6	-2.6	2.0
Mid	-10.1	-5.3	-0.8
Small	-9.7	-4.7	0.4

Commodities	Value	YTD
Oil-Brent	36.1	-37.0
Oil-WTI	34.4	-35.5
Natural Gas	1.8	-36.8
Gold	1,070.8	-9.6
Silver	14.2	-9.9
Copper	210.3	-25.6
S&P GSCI	307.4	-26.5

Currencies	Value	YTD
EUR-USD	1.0872	-10.1%
GBP-USD	1.4907	-4.3%
USD-JPY	121.3000	1.3%
USD-CHF	0.9930	-0.1%
AUD-USD	0.7178	-12.2%
USD-CAD	1.3932	19.9%
USD-SEK	8.5629	9.7%
Dollar Index	98.6080	9.2%

FFA Equity Ideas

- ARM Holdings plc (ARM)
- Airbus (AIR)
- Suncor (SU)
- Siemens (SIE)
- Commercial International Bank (COMI)

FFA Fixed Income Ideas

For fixed income ideas or price quotes, please contact our fixed income desk

Source: Reuters, Bloomberg, Barclays, Morningstar, WSJ, CNBC, Briefing, FXStreet.

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