

Global Overview: US markets ended the year mixed with the S&P and the Dow in negative territory YTD at -0.7% and -2.2% respectively, while the Nasdaq finished the year positive at +5.7% YTD, largely driven by “FANG” stocks, demonstrating lesser market breadth (typically seen in later cycles). Last week, equities traded on expectedly lower volumes with mixed economic data (consumer confidence rose and home sales prices increased more than expected, offset by very weak Chicago PMI reading, lower pending home sales as well as initial jobless claims rising to 287K, the highest level since July 2015, although remains low by historical standards). US 10-year Treasury yields rose to 2.27% while the curve flattened from likely slower growth expectations on the longer-end and Fed rate normalization on the shorter-end. European equities ended the year on a mixed note with the Stoxx 600 at +6.8% on a YTD basis, although well below the year’s peak levels (and lower on a USD basis), whereas the FTSE 100 underperformed European peers ending the year down -4.9%, given its commodity-heavy constituents. Oil ended the year down more than -30% capping a second straight year as one of the worst performing commodities on overproduction, continued glut and stronger US Dollar (US Dollar index +9% YTD), despite significant cuts in CAPEX and reduction in US drilling rigs. Gold ended the year down -10%, its third straight annual decline, likely driven by US monetary policy amid prospect of higher US interest rates, stronger US Dollar, weaker inflation and bearish financial positioning. Overnight, Chinese stocks were halted for the remainder of the session after losing more than -7% as manufacturing activity contracted for the tenth consecutive month in December, with the Caixin China manufacturing purchasing managers index falling to 48.2 from 48.6, vs. a consensus of 49.0 as well as from Yuan devaluation. Important US macro data this week include ISM manufacturing PMI, Redbook index, ADP employment change, Markit services PMI, ISM non-manufacturing PMI, EIA crude oil change, initial jobless claims, unemployment rate and nonfarm payrolls. Other macro data include EU Markit manufacturing PMI, EU core CPI, EU Markit services PMI, EU PPI, EU unemployment rate, EU consumer confidence, EU retail sales and CNY Caixin services PMI. Earnings reports to come Monsanto, RPM International, Bed Bad & Beyond, Constellation Brands, Walgreens Boots Alliance and Acuity Brands among others.

Previous Week Macro Data

	Actual	Cons.
US Dallas Fed manuf. business ind. (Dec)	-20.1	-7.0
US Redbook index (YoY) (Dec 25)	2.5%	-
US S&P/Case Shiller home price ind. (YoY)	5.5%	5.4%
US Consumer confidence (Dec)	96.5	93.8
EU Private loans (YoY) (Nov)	1.4%	-
US Pending home sales (YoY) (Nov)	2.7%	3.6%
US EIA crude oil Δ (Dec 25)	2.63M	-2.50M
US Initial jobless claims (Dec 25)	287K	270K
US Chicago PMI (Dec)	42.9	49.8
CNY NBS manufacturing PMI (Dec)	49.7	-

Upcoming Week Macro Data

	Cons.	Prior
M CNY Caixin manufacturing PMI (Dec)	49.0	48.6
M EU Markit manufacturing PMI (Dec)	53.1	53.1
M US ISM manufacturing PMI (Dec)	49.0	48.6
T EU Core CPI (YoY) (Dec)	-	0.9%
T US Redbook index (YoY) (Jan 1)	-	2.5%
W CNY Caixin services PMI (Dec)	-	51.2
W EU Markit services PMI (Dec)	53.9	53.9
W EU PPI (YoY) (Dec)	-3.2%	-3.1%
W US ADP employment Δ (Dec)	198K	217K
W US Markit services PMI (Dec)	55.0	53.7
W US ISM non-manufacturing PMI (Dec)	56.0	55.9
W US EIA crude oil Δ (Jan 1)	-	2.63M
Th EU unemployment rate (Nov)	-	10.7%
Th EU Consumer confidence (Dec)	-5.7	-5.7
Th EU Retail sales (YoY) (Nov)	2.0%	2.5%
Th US Initial jobless claims (Jan 1)	-	287K
F US Unemployment rate (Dec)	5.0%	5.0%
F US Nonfarm payrolls (Dec)	200K	211K

Upcoming Week Key Earnings

W Monsanto, RPM International
Th Bed Bad & Beyond, Constellation Brands, Walgreens Boots Alliance
F Acuity Brands

Upcoming Week Policy & Related Events

T UK BOE credit conditions survey (Q2)
W US FOMC minutes
Th EU ECB monetary policy meeting accounts, US Fed Evans speech

Equities	Value	1 Week %	YTD %	EPS %	P/E	Div. Yld. %
S&P 500	2,043.9	-0.83	-0.7	5.3	18.0	2.1
Dow Jones	17,425.0	-0.72	-2.2	-1.8	15.4	2.6
NASDAQ	5,007.4	-0.81	5.7	12.8	21.3	1.2
Russell 2000	1,135.9	-1.63	-5.7	5.7	18.8	1.5
STOXX 600	365.8	-0.13	6.8	14.6	18.2	3.5
FTSE 100	6,242.3	-0.20	-4.9	14.4	17.9	4.2
NIKKEI 225	19,033.7	-1.80	9.1	4.5	18.3	1.8
Shanghai Index	3,539.2	-8.75	9.4	21.1	15.2	2.2
S&P Pan Arab	658.6	0.39	-17.2	10.1	11.4	4.2
MSCI ACWI	1,716.3	-0.31	-3.3	6.0	15.8	3.4
MSCI EM	794.1	-1.23	-17.0	-2.5	10.8	3.1

Fixed Income	Value	Yield %	YTD %
Barclays Global Aggregate	442.1	1.8	-3.2
Barclays Global Agg. – Corporate	227.7	3.1	-3.6
Barclays Global High Yield	1,037.9	8.1	-2.7
Markit CDX N.A. Investment Grade	88.3	NA	NA
Markit CDX N.A. High Yield	101.2	NA	NA
Markit iTraxx Europe	63.7	NA	NA
Markit iTraxx ITX Crossover	335.1	NA	NA

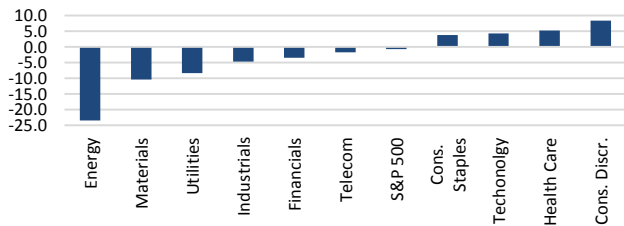
Rates	Value	Yield %
Treasuries 2-Yr	99.9	1.03
Treasuries 10-Yr	99.8	2.27
Treasuries 30-Yr	99.7	3.02
Gilts 10-Yr	100.4	1.91
Bunds 10-Yr	104.0	0.58
French 10-Yr	100.7	0.95
Italian 10-Yr	104.1	1.55
Spanish 10-Yr	103.8	1.71
Greek 10-Yr	71.4	8.03
JGBs 10-Yr	100.4	0.25

Volatility	Value	YTD %
S&P 500 VIX	18.2	-5.2
Euro Stoxx 50 VIX	22.2	-15.3
Crude Oil VIX	46.2	-7.8
Interest Rate VIX	81.8	-3.5

Commodities	Value	YTD %
Oil-Brent	37.7	-35.0
Oil-WTI	37.5	-30.5
Natural Gas	2.3	-19.1
Gold	1069.3	-10.4
Silver	13.9	-11.9
Copper	209.2	-24.4
S&P GSCI	311.7	-25.5

Currencies	Value	YTD %
EUR-USD	1.0862	-10.2
GBP-USD	1.4736	-5.4
USD-JPY	120.22	0.4
USD-CHF	1.0021	0.8
AUD-USD	0.7286	-10.9
USD-CAD	1.3839	19.1
USD-SEK	8.4412	8.1
Dollar Index	98.631	9.3

S&P 500 Sector YTD (%)



Investment Style YTD (%)

	Value	Blend	Growth
Large	-5.6	-0.7	3.8
Mid	-8.4	-3.7	0.8
Small	-8.1	-3.4	1.5

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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