

Top Headline: Government Shutdown Ends

President Trump signed a stop gap spending bill that will reopen the government for three weeks while representatives continue to discuss the border wall issue. A group of 17 members including Senators and House members has been tasked with finding an agreement. The group consists of eight Republicans and nine Democrats and would require bipartisan support before advancing to a vote before both chambers. Despite temporary relief, Trump has expressed skepticism that he would be offered a deal he would be in support of. As such he refused to rule out the possibility of another shutdown or of declaring a national emergency at the border in order to get funding.

Other News

The Federal Reserve indicated that they are considering an earlier than expected end to the bond portfolio runoff. The portfolio has garnered greater attention as the President and others have pinned the recent market volatility on its decline. Chairman Powell will hold a press conference this week following the Federal Open Market Committee policy meeting.

On Tap This Week

In addition to a week packed full of earnings reports, the Federal Open Market Committee will meet for their policy meeting. The U.S. and China will also hold trade talks on Wednesday.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 1/22	Existing Home Sales	Dec	5.320M	5.24M	4.990M	Sales were down, though lower mortgage rates are expected to positively impact next month's report
Th 1/24	Initial Jobless Claims ♦	1/19	213K	220K	199K	Claims were at their lowest level in almost 50 years
F 1/25	New Home Sales	Dec	N/A	572K	N/A	N/A

Actual < Expected

Actual > Expected

♦ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	24706	24737	0.12%	0.20%
S&P 500	2670.7	2664.8	-0.22%	0.23%
USD*	96.34	95.79	-0.56%	-0.54%
10-Year Treasury*	2.78%	2.76%	-0.03%	-0.32%

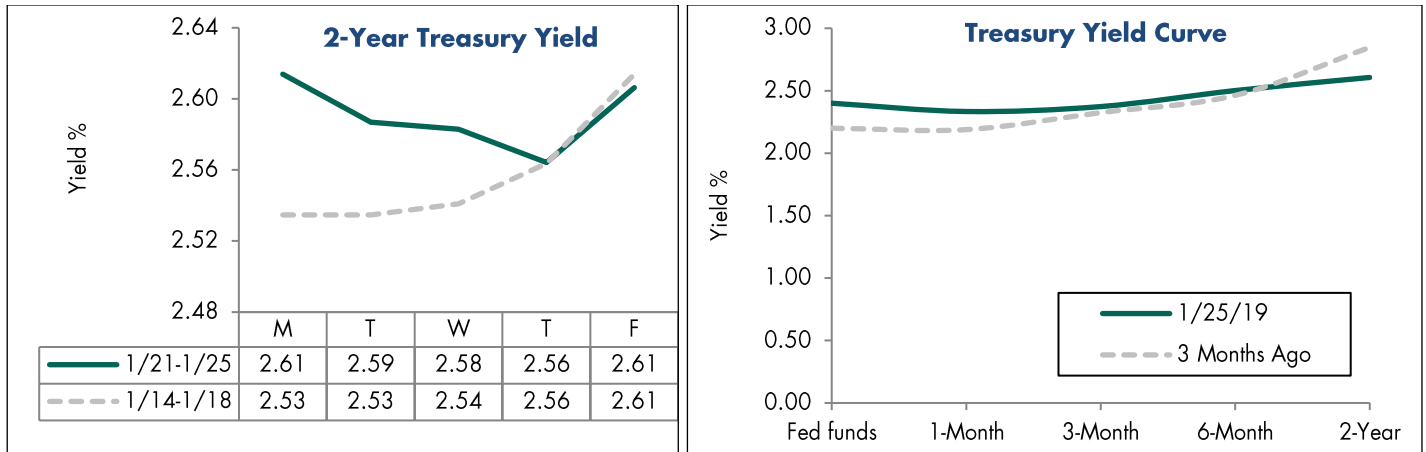
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 1/29	Consumer Confidence ♦	Jan	128.1	124.6
W 1/30	GDP	Q4	3.4%	2.6%
W 1/30	GDP Deflator	Q4	1.8%	1.8%
W 1/30	FOMC Meeting	N/A	2.25%-2.5%	2.25%-2.5%
Th 1/31	Initial Jobless Claims ♦	1/26	199K	220K
F 2/1	Nonfarm Payrolls	Jan	312K	158K
F 2/1	Unemployment Rate	Jan	3.9%	3.9%
F 2/1	ISM Mfg Index	Jan	54.1	54.0
F 2/1	Construction Spending	Dec	N/A	0.4%
F 2/1	Consumer Sentiment ♦	Jan	90.7	91.4

Yield Curve Highlights



Detailed Economic Releases

1/22/2018	Prev.	Exp.	Act.
Existing Home Sales	5.320M	5.330M	4.990M

Mortgage rates fell in December but not soon enough to bolster home resales. Sales fell from 5.320M to 4.990M, just above the low end of the consensus range. Single-family and condo sales were down by 5.5% and 12.9%, respectively. The Midwest was the worst region down 11.2% and the West performed the best with a decline of only 1.9%. Supply also fell by 10.9%, leaving buyers with fewer options on the market. The median price also fell by 1.4% to \$253,600.

Summary: Mortgage rates have fallen by 40 basis points since their peak in November and are likely to help sales in January. While the most recent results are down, the outlook for next month's report is positive.

1/24/2018	Prev.	Exp.	Act.
Initial Jobless Claims	213K	212K	199K

Initial jobless claims fell to their lowest level in almost 50 years, compared to a time when the labor force was half its current size. However, Federal claims rose by 15,000 over the week to around 25,400. This compares with the year-ago claims of 1,650 when there was no shutdown. The four-week average for continuing claims meanwhile rose by roughly 50,000 since mid-December.

Summary: Despite the shutdown, initial claims continued to fall suggesting increasing labor demand.

1/25/2018	Prev.	Exp.	Act.
New Home Sales	569K	N/A	N/A

New home sales have been delayed for two months now because of the government shutdown.

About Us

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