

### Headlines

Oil prices are on track for their strongest start to the year since 2015. Brent Crude – the global benchmark – hit \$70.34 per barrel this week, while U.S. West Texas Intermediate (WTI) was at \$66.14 per barrel. One key driver for the oil rally has been the increase in North American output. U.S. crude production has grown by over 17% since mid-2016 to 9.88 million barrels per day (MMbpd) and is on pace to match Russia’s level of production, who averaged 10.98 MMbpd in 2017.

As Amazon is wrapping up the sweepstakes on the location for its second campus, codenamed HQ2, is Apple planning its own search? Earlier this month the tech giant announced its plan to repatriate \$350 billion back into the U.S. economy, in addition to creating 20,000 new jobs over the next five years. The company intends to build a new location to house these jobs, which is likely to create a bidding war similar to that seen for Amazon’s HQ2.

2017 concluded with a bang as U.S. consumer spending grew at a 2.6 percent rate in the fourth quarter and a 3.8 annualized rate in the fourth quarter, the fastest rate in three years. The increase in household spending in the real economy has been buoyed by a strong stock market and increasing wages. Personal income rose 0.4 percent, month-on-month, in December to \$58.7B and 3.1 percent for the full year.

### Registered Representatives Program

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### Market Snapshot as of February 1, 2018

As of February 1 <sup>st</sup>	Feb 1 <sup>st</sup>	YTD% Δ	LTM % Δ
<b>S&amp;P 500</b>	<b>\$2,821.98</b>	<b>5.55%</b>	<b>23.80%</b>
<b>Gold</b>	<b>\$1,353.70</b>	<b>3.89%</b>	<b>11.88%</b>
<b>U.S. Crude Oil</b>	<b>\$66.05</b>	<b>9.24%</b>	<b>22.54%</b>
<b>10 Yr. T-Note</b>	<b>2.78%</b>	<b>38 bps</b>	<b>30 bps</b>

### M&A Focus and 2018 Outlook

Corporations and private equity firms are predicting an uptick in merger and acquisitions activity in 2018, according to Deloitte’s fifth M&A Trends report. Of the respondents, 68% of executives at US-headquartered corporations and 76% of domestic-based private equity firm’s leaders believe that deal flow will increase as well as the size of the transactions. Larger firms are more confident that they will engage in bigger deals, compared to their counterparts at smaller firms, although 70% of respondents predict that the volume of small deals (under \$50 million) will increase. According to most sources the increase in U.S. M&A activity can be attributed to less regulation, a rising GDP, consistent corporate earnings increases, low inflation, expanding trade deals, low interest rates and tax reform becoming a reality.

### Investment Banking Terms:

*Gilts* – Bonds issued by the British government and are generally considered low-risk investments. Known as ‘gilt-edged securities’ because the original certificates were issued with gilded edges.

*Yankee Bond* – A Yankee Bond is a bond issued by a foreign entity, such as a bank or company, but is issued and traded in the United States and denominated in U.S. dollars.

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