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FINANCIAL MARKET UPDATE
11/23/18

THE WEEK IN REVIEW

All three major U.S equity indexes declined for the second straight week. The S&P 500 index declined to its lowest level since May of this year. Energy stocks were the main drag on the market as lower oil prices hurt their share prices. Crude oil prices continued their decline this week due to investors' continued concern about signs of oversupply. Crude oil hit its lowest price in over a year on Tuesday when prices fell to below $54 per barrel and have continued to descend to $50 to close the week.

Overall, the economic outlook appeared to be deteriorating slightly with the consumer sentiment, jobless claims, and housing market index reports all falling below consensus expectations. Consumer sentiment in November came in at 97.5, below October's level of 98.3. November numbers also came in below economists' consensus estimate of 98.3, signaling that consumer enthusiasm remains relatively high but could be declining going into the holiday shopping season. Initial jobless claims have edged higher recently, with the four-week moving average rising to 218,500, its highest level in three months. While the housing market index report significantly missed expectations and reached its lowest level since August of 2016, housing starts, building permits, and existing home sales all surpassed both consensus estimates and their previous readings.

The Citigroup Economic Surprise Index for the U.S. has spent all of November in positive territory, but faded considerably during the holiday week. Geopolitics loomed large over U.S. investor psyche this week with the discussions of the U.S.-China trade war, Brexit, the Italian budget, and global oil supply glut. Both President Trump and Chinese leader Xi Jinping have signaled they are ready for their meeting at the end of next week, which investors hope will ease friction between the two countries. With tensions high across the continent, European growth has slowed recently, as shown in the Markit Eurozone Composite PMI slowing from 53.1 in October to 52.4 in November. That report follows last week's low GDP reading and coincides with a report showing weak German GDP growth.

Even with all the headlines, U.S. consumers are still expected to bolster the U.S. economy this holiday season. The National Retail Federation President Matt Shay says he expects that the average consumer will spend $1,000 this season, the most ever. Additionally, Adobe Analytics reported that "Black Friday" early online shopping was up about 28% from last year.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Housing Starts (Millions Annualized)	1.228	1.184	▲
Durable Goods Orders	-4.40%	-1.20%	▼
Initial Jobless Claims (Thousands)	224	210	▲
U. of Mich. Consumer Sentiment	97.5	96.2	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24285.95	-4.44%	-1.75%	3.23%
NASDAQ	6938.98	-4.26%	0.52%	1.04%
S&P 500 Large Cap	2632.56	-3.79%	-1.54%	1.37%
MSCI EAFE	1793.81	-1.05%	-12.53%	-10.93%
Barclays Aggregate US	2006.25	-0.01%	-1.96%	-1.89%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.40%	2.34%	2.32%	1.28%
10-Year Treasury	3.04%	3.06%	3.17%	2.32%

REPORTS DUE NEXT WEEK	LATEST
Conf. Board Consumer Confidence	137.9
S&P CoreLogic Case-Shiller U.S. HPI (YOY)	5.80%
Real GDP (QoQ Annualized)	3.50%
Core PCE Price Index (YoY)	1.97%

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