



## THE WEEK IN REVIEW

U.S. equity markets seemed to partially shrug off concerns surrounding elevated inflation that emerged last week, as the S&P 500 and Nasdaq gained 0.3% and 1.2%, respectively. The Dow Jones Industrial Average fell 1.4%, however, as the blue-chip index was weighed down by declines in shares of Cisco Systems (CSCO) and Visa (V). Better-than-expected October retail sales released this week seemed to quell investors' fears that accelerating prices could impair the willingness of consumers to spend heading into the holiday season. On Thursday and Friday, various degrees of COVID-19 lockdown measures announced by governments in Austria and Germany caused yields on the U.S. 10-year Treasury yield to decline to 1.54% in late trading today from Tuesday's closing level of 1.64%. The decline in bond yields helped propel the S&P 500 technology sector to a 2.4% weekly gain. Strong results from various retailers including Home Depot (HD) and TJX Companies (TJX) enabled the S&P 500 consumer discretionary sector to advance 3.8%.

This morning, the U.S. House of Representatives passed President Biden's roughly \$1.7 trillion "Build Back Better" spending plan by a vote of 220-213. The legislation funds a swath of items including: universal pre-K for all three and four-year old children, an expansion of Medicare, affordable housing and nearly \$500 billion of renewable energy credit. The bill will now head to the Senate, where it is expected to undergo significant revisions as Democrats attempt to win the support of key moderates including Senators Joe Manchin and Kyrsten Sinema.

In economic news, U.S. retail sales rose in October for a third consecutive month as consumers navigated rising prices and supply chain disruptions while eagerly starting holiday shopping to avoid empty shelves. According to the Commerce Department, sales increased by 1.7% last month, which followed a 0.8% increase in September. Sales were led by motor vehicles, up 1.8% in October, the first unit increase in six months driven by higher prices amid the global semiconductor shortage. Excluding auto and gas sales, retail spending was up 1.4%, mostly due to high consumer demand ahead of the holiday season. October housing starts unexpectedly contracted 0.7% in October, while new permits increased by almost 4.0%. Homebuilders continue to face shortages of key building supplies amid a huge backlog of houses authorized for construction but not yet begun. Initial jobless claims for the week ending November 13 fell to 268,000, and continuing jobless claims fell to a pandemic-era low of 2.08 million, suggesting the labor market recovery remains intact.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	1.7%	-1.6%	▲
Housing Starts (Millions Annualized)	1.52	1.56	▼
Building Permits (Millions Annualized)	1.65	1.63	▲
Industrial Production (M/M)	1.6%	0.8%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	35601.98	-1.38%	16.32%	20.75%
NASDAQ	16057.44	1.24%	24.59%	34.88%
S&P 500	4697.96	0.32%	25.06%	31.14%
MSCI EAFE	2350.30	-0.59%	9.44%	15.99%
Bbg Barclays Aggregate US	2349.39	-0.09%	-1.78%	-1.45%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.05%	0.04%	0.06%
10-Year Treasury	1.54%	1.64%	0.83%

REPORTS DUE NEXT WEEK	LATEST
New Home Sales (Thousands Annualized)	800
Existing Home Sales (Millions Annualized)	6.29
Personal Income (Y/Y)	-1.0%
Personal Spending (M/M)	0.6%
U. of Mich. Consumer Sentiment	66.8

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

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