



## THE WEEK IN REVIEW

Equity markets fell for the second straight week as a hawkish shift in tone from the Federal Reserve and concerns about the COVID-19 Omicron variant suppressed investor sentiment. After starting the week on a high note, the S&P 500 began to dip on Tuesday after Fed Chairman Jerome Powell told Congress the central bank will back away from using the word “transitory” in their commentary going forward. Data from last week showed that the Fed’s preferred inflation measure, core Personal Consumption Expenditures, rose 5.0% in October from a year prior. Snarled supply chains, labor shortages and rising transportation costs have increasingly been accepted by policymakers as drivers of price pressures throughout the economy that have lasted longer than many expected. The S&P 500, Dow Jones Industrial Average and Nasdaq posted weekly declines of 1.2%, 0.9% and 2.6%, respectively. The utilities sector, which is traditionally viewed as a defensive area of the market, was the only S&P sector that posted a positive weekly return (+1.0%). The communication services (-2.8%) and consumer discretionary (-2.4%) sectors were the worst performing groups in the S&P 500 this week. Yields on the U.S. 10-year Treasury bond fell sharply to 1.35% in late trading today from 1.56% on Monday morning.

The Conference Board’s Consumer Confidence Index dropped in November to 109.5 from a downwardly revised 111.6 in October. The index has steadily declined since returning to pre-pandemic levels in June of 2021. The key drivers weighing on consumers’ confidence have been rising prices and the Delta variant. This report also came out before the new Omicron variant was detected in the United States, which could weigh on next months’ report depending on the severity of the variant and the potential economic impact.

Today the Labor Department released non-farm payroll data for November. Economists predicted payrolls increasing by 550,000. The actual reading of 210,000 fell well short of estimates and marked the smallest gain since December 2020. Average hourly wages rose by 4.8% and workers continued to rejoin the workforce, as the labor force participation rate rose to 61.8% in November from 61.6% in October. The labor force participation rate of 61.8% remains about 1.5% below the February 2020 reading from before the onset of the pandemic. Across industries, transportation and business services saw the largest increase in payrolls, while retail jobs shrunk by about 20,000 positions. The unemployment rate fell to 4.2% in November from 4.6% in October and was significantly lower than expectations for 4.5%.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Conf. Board Consumer Confidence	109.5	115.2	▼
ISM Non-Manufacturing	61.1	59.9	▲
ISM Manufacturing	69.1	61.7	▲
Non-Farm Payrolls (Thousands)	210	483	▼
Unemployment Rate	4.2%	5.2%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	34580.08	-0.91%	12.98%	15.38%
NASDAQ	15085.47	-2.62%	17.05%	21.88%
S&P 500	4538.43	-1.22%	20.83%	23.77%
MSCI EAFE	2242.99	-0.62%	4.45%	7.00%
Bbg Barclays Aggregate US	2359.92	0.14%	-1.34%	-0.97%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.04%	0.04%	0.08%
10-Year Treasury	1.35%	1.60%	0.91%

REPORTS DUE NEXT WEEK	LATEST
Core Consumer Price Index (Y/Y)	4.6%
JOLTS Job Openings (Millions)	10.438
U. of Mich. Consumer Sentiment	67.4

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