



FINANCIAL MARKET UPDATE

11/16/18

THE WEEK IN REVIEW

The three major U.S. equity averages declined between 1.6% and 2.2% this week, which began with Veterans Day celebrations and memorials across the nation. This week's losses broke a two-week winning streak for the S&P 500 Index and Dow Jones Industrial Average. Crude oil prices continued their descent this week on global oversupply concerns and further dollar strength, dropping another 5.7% to below \$57 per barrel by Friday's close. Prices declined a record twelve consecutive trading days between October 29 and November 13. Early in the week, the U.S. dollar reached its highest level since April 2017 against a basket of major trading partner currencies amid increased political uncertainty in the U.K. and Italy.

In the corporate sector, shares of iPhone-maker Apple Inc. were pressured by reports of weak profit and revenue guidance from a key optical equipment supplier. Positive sentiment surrounding the burgeoning trade dispute between the U.S. and China emerged on Thursday and Friday. President Trump conveyed to reporters that Chinese trade negotiators are getting closer to meeting U.S. demands ahead of pivotal meetings between the two sides scheduled for the upcoming G-20 Summit in Buenos Aires.

Although October marked the worst performing month for the S&P 500 since 2011, American consumers continued to spend. Retail sales rose 0.8% in October; a big jump after the previous two months which each saw downward revisions to sequential 0.1% declines. As the holiday season approaches, the bump in retail sales was driven by consumers spending more on clothing, sporting goods and electronics. The biggest contributor to October's jump in retail sales was the price consumers were paying at the pump, as gasoline prices accounted for about one-fourth of the monthly increase. This, of course, materialized before the recent concerns about growing global oil supplies sent the U.S. crude oil to seven-month lows below \$60 per barrel.

The Consumer Price Index (CPI) climbed 0.3% in October, the largest advance since January, and up 2.5% over the last 12 months. The CPI in simple terms is a measurement of the cost of living for U.S. consumers. Elevated gas prices contributed almost half of the increase in consumer costs during October. Fortunately, as oil prices have decreased to start the fourth quarter, consumers might see some relief in the form of lower gasoline prices in the coming months.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Consumer Price Index (YoY)	2.5%	2.9%	▼
Retail Sales (MoM)	0.8%	0.6%	▲
Industrial Production (MoM)	0.1%	0.4%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25413.22	-2.22%	2.81%	8.33%
NASDAQ	7247.87	-2.15%	4.99%	6.69%
S&P 500 Large Cap	2736.27	-1.61%	2.34%	5.83%
MSCI EAFE	1807.10	-1.82%	-11.88%	-8.99%
Barclays Aggregate US	2000.76	0.18%	-2.23%	-1.87%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.34%	2.34%	2.30%	1.25%
10-Year Treasury	3.07%	3.18%	3.16%	2.38%

REPORTS DUE NEXT WEEK	LATEST
Housing Starts (Millions Annualized)	1.201
Durable Goods Orders	0.7%
Initial Jobless Claims (Thousands)	216
U. of Mich. Consumer Sentiment	98.3

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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