

THE WEEK IN REVIEW

Global equities struggled to digest strong third quarter gains and sharply higher bond yields in the first week of the fourth quarter. The S&P 500 Index declined 1.0% for the week, weighed down by the previously high flying technology and consumer discretionary sectors. A sudden rise in U.S. Treasury bond yields began on Wednesday afternoon following stronger-than-expected data from private sector employment and services sector reports. Yields on the benchmark 10-year Treasury bond climbed 0.17% to close the week at 3.23%, marking their highest levels since May 2011. Against a backdrop of higher bond market yields, several of the high momentum areas of the market struggled, while the energy, financials and industrials sectors of the S&P 500 Index held up reasonably well.

In the corporate sector, industrial conglomerate General Electric was the week's top performing S&P 500 Index stock, surging 16.7% after announcing it will replace its current CEO, John Flannery, with former Danaher Corp. CEO, H. Lawrence Culp. E-commerce and cloud-computing giant Amazon.com made several headlines, announcing that it will increase its minimum wage to \$15.00 per hour beginning in November while eliminating monthly bonuses and stock awards for hourly workers. In the traditional consumer sector, PepsiCo Inc. reported quarterly earnings that exceeded analysts' estimates, but shares declined after management lowered full-year profit guidance, citing a strengthening U.S. dollar and higher aluminum and transportation costs.

On Friday, the U.S. Bureau of Labor Statistics provided investors with an updated look at the domestic labor market, indicating that the unemployment rate declined to 3.7% in September, while the labor force participation rate remained at 62.7%. The 3.7% unemployment rate marks its lowest level since December 1969. Average hourly earnings rose by \$0.08 to \$27.24, translating to a year-over-year growth rate of 2.8%. Total nonfarm payroll employment increased by an underwhelming 134,000 in September, as that number came in 67,000 below the prior twelve months' average monthly gain of 201,000. Yet, total nonfarm payroll employment for July was revised up 18,000 from 147,000 to 165,000, and August payrolls were revised up 69,000 from 201,000 to 270,000. The combined 87,000 of upward revisions offset the weakness in September's numbers. Many market commentators noted this week that Hurricane Florence most likely hindered September's total nonfarm payroll employment and the weakness could be reversed in coming months.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing	59.8	60.2	▼
Initial Jobless Claims (Thousands)	207	232	▼
Non-Farm Payrolls	134,000	208,000	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	26447.05	-0.04%	6.99%	16.12%
NASDAQ	7788.45	-3.21%	12.82%	18.27%
S&P 500 Large Cap	2885.57	-0.97%	7.93%	13.07%
MSCI EAFE	1941.64	-1.62%	-5.32%	-1.62%
Barclays Aggregate US	1998.34	-0.76%	-2.35%	-1.92%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.21%	2.20%	2.13%	1.06%
10-Year Treasury	3.23%	3.06%	2.90%	2.35%

REPORTS DUE NEXT WEEK	LATEST
Producer Price Index (YoY)	2.8%
Core Consumer Price Index (YoY)	2.2%
U. of Mich. Consumer Sentiment	100.1

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