

THE WEEK IN REVIEW

All three major U.S. equity indexes clawed back some of their losses from their previous two weeks to end November in slightly positive territory. The S&P 500, Dow Jones, and NASDAQ finished the month up 1.79%, 1.68%, and 0.34%, respectively. On Wednesday domestic stocks experienced their largest single-day gain in eight months in response to Federal Reserve Chair Jerome Powell's comments on interest rate hikes to the Economic Club of New York, which were viewed as more dovish than his comments in recent months. Meanwhile, U.S. crude oil prices failed to bounce back from their one-year low reached last week. With ten consecutive weeks of increasing inventory, prices struggled to move much higher than \$50 per barrel.

Almost all Federal Reserve officials at their November meeting agreed another interest rate increase was "likely to be warranted fairly soon," but also opened debate on when to pause further hikes and how to relay those plans to the public. Minutes released this week show an expected December rate increase was further cemented into place, but Fed officials also indicated a potential shift in tone about the future. A few participants who agreed further rate increases were likely also "expressed uncertainty about the timing."

The first reading of third quarter U.S. real GDP came in at a 3.5% annualized rate to meet consensus expectations. The 2018 growth rate is on pace to be the highest of the current economic expansion, exceeding the Fed's full-year GDP target of 3.1%. The Tax Cuts and Jobs Act of 2017 seems to have effectively boosted U.S. GDP in 2018 but the positive effects on GDP are expected to wane in 2019.

New U.S. home sales slid sharply in October as higher mortgage rates and rising construction costs created significant headwinds for home builders. Purchases of newly built single-family homes fell 8.9% to a seasonally adjusted annual rate of 544,000 in October, according to the Commerce Department. Pending homes sales fell 2.6% compared to September, according to the National Association of Realtors. Sales were down a steeper 6.7% compared to October 2017, marking the 10th straight month of annual declines.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
Conf. Board Consumer Confidence	135.7	134.7	▲
S&P CoreLogic Case-Shiller U.S. HPI (YC	5.5%	6.2%	▼
Real GDP (QoQ Annualized)	3.5%	4.2%	▼
Core PCE Price Index (YoY)	1.8%	2.0%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25538.46	5.16%	3.31%	5.22%
NASDAQ	7330.54	5.64%	6.19%	6.64%
S&P 500 Large Cap	2760.16	4.85%	3.24%	4.25%
MSCI EAFE	1819.81	1.52%	-11.26%	-9.92%
Barclays Aggregate US	2008.62	0.08%	-1.84%	-1.39%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.34%	2.40%	2.32%	1.26%
10-Year Treasury	2.99%	3.04%	3.12%	2.41%

REPORTS DUE NEXT WEEK	LATEST
Initial Jobless Claims (Thousands)	234
ISM Manufacturing	57.7
ISM Non-Manufacturing	60.3
Unemployment Rate	3.7%
U. of Mich. Consumer Sentiment	97.5

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