

## THE WEEK IN REVIEW

Headlines this week added to the volatility for the start of the month, marking the weakest start to a December since 2002. On Monday, the S&P 500 dropped towards the 2,600 technical level from which it bounced at the start of the year. After reaching its weekly high on Wednesday afternoon, the index retraced its steps back to close the week at 2,600, down -1.3%. The decline can be attributed to a few factors, including weaker-than-expected economic data in China. Following a meeting between President Trump and Democratic congressional leaders, concerns about a potential government shutdown also seemed to weigh on sentiment in the second half of the week.

U.S. consumer prices were unchanged in November, held back by a sharp decline in the price of gasoline, but underlying inflation pressures remained firm amid rising rents and healthcare costs. According to the Labor Department, last month's flat reading in its Consumer Price Index (CPI) followed a 0.3% increase in October; it was the weakest reading in eight months. In the twelve months through November, the CPI rose 2.2%, slowing from October's 2.5% rise. Excluding the volatile food and energy components, the CPI increased 0.2%, matching October's gain. In the twelve months through November, the so-called core CPI increased 2.2% after climbing 2.1% in October.

China took more steps to defuse trade tensions with the U.S. this week, confirming it will remove retaliatory tariffs on automobiles imported from America as it prepares to restart purchases of American corn. The 25% tariff imposed on vehicles as a tit-for-tat measure will be scrapped starting January 1, according to the Chinese Finance Ministry. There were also indications China may buy at least 3 million tons of American corn. Also this week, Chinese state-owned companies bought at least 500,000 tons of U.S. soybeans, the first major purchase since President Trump and his Chinese counterpart met in early December and agreed to a trade war truce.

U.S. retail sales, a measure of purchases at stores, restaurants and online, increased a seasonally adjusted 0.2% in November from a month earlier to \$513.5 billion, according to a Commerce Department report. November sales were up 4.2% from a year earlier, signaling the holiday shopping season began on stronger footing than last year.

ECONOMIC INDICATOR	LATEST	3MO PRIOR CHANGE	
JOLTS Job Openings (Millions)	7.079	7.077	▲
Producer Price Index (YoY)	2.5%	2.8%	▼
Core Consumer Price Index (YoY)	2.2%	2.7%	▼
NFIB Small Business Optimism	104.8	108.8	▼
Retail Sales (Less Autos YoY)	4.9%	6.9%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24100.51	-1.18%	-2.50%	-1.67%
NASDAQ	6910.66	-0.84%	0.11%	0.79%
S&P 500 Large Cap	2599.95	-1.26%	-2.76%	-1.96%
MSCI EAFE	1773.46	0.28%	-13.52%	-12.05%
Barclays Aggregate US	2025.62	-0.06%	-1.01%	-1.12%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.41%	2.39%	2.37%	1.30%
10-Year Treasury	2.89%	2.85%	3.13%	2.35%

REPORTS DUE NEXT WEEK	LATEST
Housing Starts (Millions Annualized)	1.228
U. of Mich. Consumer Sentiment	97.5
Durable Goods Orders	-4.3%
GDP (QoQ Annualized)	3.5%
FOMC Forecasts	

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