

# Investment Weekly

November 27, 2017

## Economic Recap

Last week's US economic calendar was light, but the reports generally surprised on the upside. The Leading Economic Index bounced back 1.2% m/m in October after a tepid 0.1% gain in September; the gain was mostly due to a 0.2% drop in unemployment claims. Existing Home Sales also impressed last week, up 2.0% m/m for October but still has room to grow as the y/y change rate remains a negative 0.9%.

The US economic calendar gets more crowded this week with New Home Sales, Consumer Confidence, revised Q3 GDP, Personal Income and Spending, ISM Index, and Auto Sales all scheduled for release.

In Europe, economic reporting was busier. The Eurozone 3Q flash showed a 0.6% increase y/y led by Spain and Germany both rising 0.8% this quarter. While preliminary details were light, the flash hints toward a positive outcome for the area. The ECB minutes were released on Thursday which echoed the generally positive tone in the euro area markets. According to the minutes, survey indicators point to "unabated growth momentum in the second half of 2017."

## Economic Calendar (U.S.)

Tuesday – Consumer Confidence, International Trade  
Wednesday – GDP Report  
Thursday – Jobless Claims, Personal Income & Outlays

## Economic Calendar (International)

Wednesday – FR GDP, DE CPI  
Thursday – EZ HICP Flash & Unemployment Rate  
Friday – CA & IT GDP

## Interest Rates & Yields

Rate	Current	1 Mo. Ago	1 Yr. Ago
Effective Federal Funds Rate	1.16%	1.16%	0.41%
Target 90-day T-bill	1.22%	1.06%	0.45%
U.S. 2-yr Trsy Yield	1.74%	1.59%	1.12%
U.S. 10-yr Trsy Yield	2.34%	2.41%	2.36%
U.S. 30-yr Trsy Yield	2.76%	2.92%	3.00%
U.S. 5-yr Muni Yield	1.77%	1.50%	1.90%
Investment Grade Yield	3.69%	3.59%	3.92%
High Yield	5.57%	5.63%	6.63%

## Financial Market Recap

US large cap stocks finished higher during the holiday-shortened week, ending a two-week losing streak.

The Federal Reserve released the minutes from the Oct. 31-Nov. 1 FOMC meeting. Most of the members believe an interest rate hike is warranted. Several participants "expressed concerns about a potential buildup of financial imbalances," adding that a sharp reversal in asset prices could hurt the economy. And the members are still projecting three rate hikes next year, if economic data meets Fed expectations.

In addition, Federal Reserve Chair Janet Yellen announced that she will resign from the Fed's Board of Governors after incoming chairman Jerome Powell is sworn in next year. Yellen also warned there's been "some hint" that inflation expectations may be drifting down and said that removing policy accommodation too quickly could risk prolonging the Fed's challenge in meeting price goals.

The 2017 holiday shopping season appears to be off to a solid start. Initial Black Friday retail store sales were down modestly year-over-year, but online and mobile sales were up 16%-18%. Don't worry if you missed out on those Black Friday deals. There will be plenty more opportunities, starting on Cyber Monday and continuing through the holidays.

For the week, the S&P 500 gained 0.7% while developed markets climbed 1.8% for the week. The yield on the 10-year U.S. Treasury note was at 2.34%, flat for the week.

## Index Returns

Index	WTD	MTD	YTD	1-Yr.
S&P 500 Large Cap	0.65%	1.05%	16.24%	17.58%
S&P 400 Mid Cap	1.24%	1.31%	11.96%	13.31%
S&P 600 Small Cap	2.43%	1.67%	10.66%	12.36%
S&P Developed Mkts ex-U.S.	1.79%	1.51%	24.19%	27.74%
S&P Emerging Markets	1.52%	2.57%	33.22%	34.46%
Bloomberg Commodity	0.29%	1.02%	0.23%	3.21%
Barclays U.S. Aggregate	0.19%	0.18%	3.39%	3.71%
Barclays Municipals	-0.36%	-0.14%	4.77%	5.16%
Barclays U.S. High Yield	0.39%	-0.38%	7.05%	9.32%
HFRX Eq. Wgt. Hedge Funds	0.32%	0.07%	4.24%	5.25%

All data as of market close: 11/24/2017

Source: Bloomberg

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