

# MONTHLY MARKET SUMMARY

## NOVEMBER 2017



### MONTHLY MARKET SUMMARY

Global stocks continued to rally in October as the MSCI ACWI index returned over 2% for the month. This was the 12th consecutive monthly gain, which is the longest streak in at least 30 years. Within the US, the S&P 500 returned 2.3%, driven by potential tax reform, solid economic data and better than expected corporate earnings. With over 80% of the S&P 500 index reporting results, Bloomberg estimates that 77% exceeded expectations on aggregate earnings growth of 7%. A rebound in energy and strong secular growth in technology are leading profit gains. The information technology sector of the S&P 500 responded with a surge of nearly 8% for the month. Year-to-date, technology remains the best performing sector with gains of over 37% versus just under 17% for the broader S&P 500. In addition to generating attractive returns, the broad US equity market continues to exhibit historically low volatility. October month end marked 249 trading days without a pullback of at least 3% - which is a new record. US Treasury yields moved modestly higher again in October, with shorter Treasuries now hitting multi-year highs. The two year Treasury yield ended the month above 1.6% for the first time in nine years. West Texas intermediate crude oil prices followed September's 9% bounce with a gain of 5% in October. At month end, oil was \$54.38 a barrel, which is the highest level since mid 2015. Based on the initial estimate, the US economy grew 3% in the third quarter which was above expectations and the first back-to-back growth of at least 3% since September 2014.

### US ECONOMIC OVERVIEW

	CAUTIOUS	NEUTRAL	POSITIVE	COMMENTS
ECONOMIC GROWTH				The initial estimate of 3rd qtr GDP growth of 3.0% exceeded expectations.
INFLATION				Inflation increased for the third consecutive month to a rate of 2.2%.
EMPLOYMENT				Following weather-related weakness, October employment growth surged to the highest level in over a year while unemployment fell to 4.1% which is the lowest level in 17 years.
CONSUMER CONFIDENCE				University of Michigan and Conference Board gauges of consumer outlooks are at decade highs.
MONETARY POLICY				The Fed is expected to continue to slowly raise fed funds rates and begin shrinking its balance sheet.
CORPORATE EARNINGS				With over 75% reporting, Bloomberg estimates 77% have beaten forecasts with earnings growth of 8%.
CORPORATE VALUATIONS				The S&P 500 is trading at valuation multiples above historical averages.

### ASSET ALLOCATION VIEWS

	FAVOR	
BONDS		STOCKS
LARGE CAP STOCKS		SMALL CAP STOCKS
US STOCKS		INTERNATIONAL STOCKS
SHORTER DURATION		LONGER DURATION
INVESTMENT GRADE		HIGH YIELD

### FIXED INCOME YIELDS

	10/31/17	1 YR AGO	CHANGE	DURATION
1 YEAR US TREASURY	1.43%	0.64%	0.78%	1.0
5 YEAR US TREASURY	2.02%	1.31%	0.71%	4.8
10 YEAR US TREASURY	2.38%	1.83%	0.55%	8.8
30 YEAR US TREASURY	2.88%	2.58%	0.30%	20.6
US CORE BONDS	2.60%	2.12%	0.48%	6.0
US HIGH YIELD CORP BDS	5.43%	6.29%	-0.86%	3.8
US MORTGAGES	2.86%	2.27%	0.59%	4.5
US LARGE CAP STOCKS	1.93%	2.17%	-0.24%	

### HISTORICAL INVESTMENT RETURNS

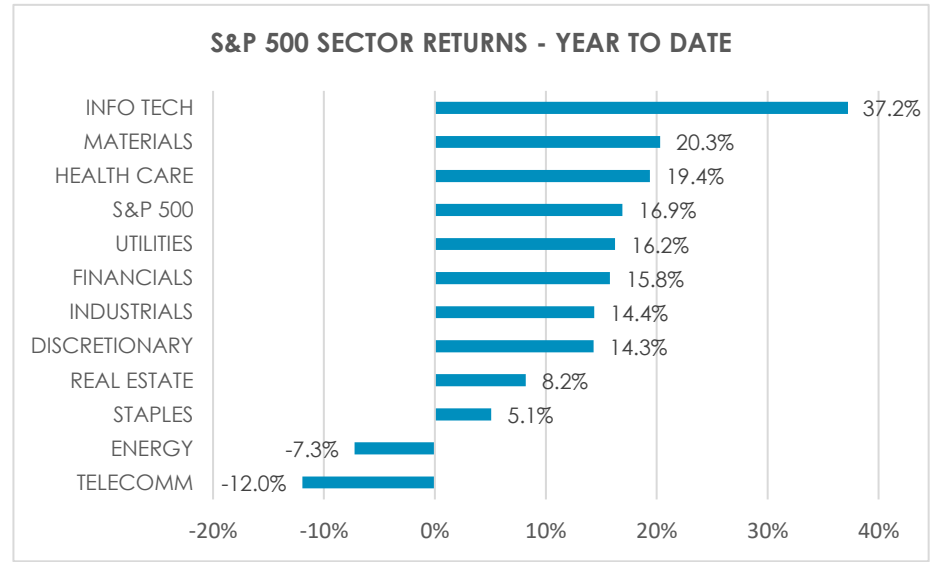
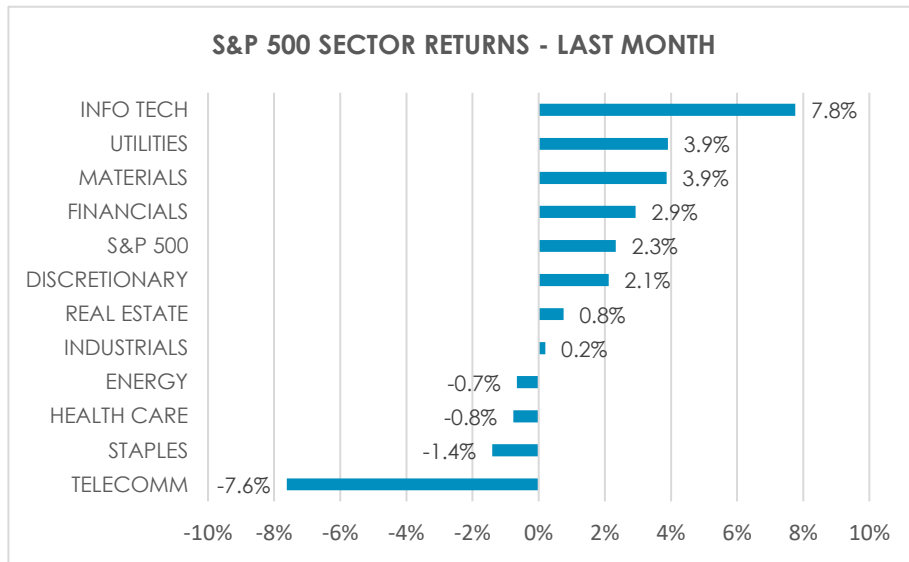
	TOTAL RETURNS THROUGH 10/31/2017:						
	1 MONTH	QTD	YTD	1 YEAR	3 YEARS	5 YEARS	10 YEARS
US CORE BONDS (BARCLAYS US AGGREGATE)	0.06%	0.06%	3.20%	0.90%	2.40%	2.04%	4.19%
US HIGH YIELD BONDS (BARCLAYS CORP HI YLD)	0.42%	0.42%	7.45%	8.92%	5.56%	6.27%	7.82%
LARGE CAP US STOCKS (S&P 500)	2.33%	2.33%	16.91%	23.62%	10.76%	15.17%	7.52%
SMALL CAP US STOCKS (RUSSELL 2000)	0.85%	0.85%	11.88%	27.82%	10.11%	14.49%	7.62%
INTERNATIONAL STOCKS (MSCI ACWI ex US)	1.89%	1.89%	23.92%	24.25%	6.26%	7.85%	1.45%
REAL ESTATE EQUITIES (MSCI REIT)	-0.99%	-0.99%	2.58%	5.55%	5.90%	9.57%	5.52%
COMMODITIES (BLOOMBERG COMMODITY INDEX)	2.05%	2.05%	-1.52%	1.52%	-9.87%	-9.60%	-7.28%

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### S&P 500 SECTOR RETURNS



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