

Financial Market Update

Friday, December 5, 2014

THE WEEK IN REVIEW

Positive economic reports this week were capped off by a much stronger than expected November jobs report from the Bureau of Labor Statistics on Friday. Employers added 321,000 jobs in November, the largest monthly gain in jobs since January of 2012. The unemployment rate remained unchanged at 5.8%. The number of jobs added in September and October were revised up a combined 44,000.

Another positive from the report was the 0.4% increase in average hourly earnings for the month of November, which moves the year-over-year increase in average hourly earnings to 2.1%. The increase in average hourly earnings suggests that we may see a meaningful increase in November personal income, which combined with low inflation and falling gasoline prices bodes well for the consumer segment of the economy going forward.

Earlier in the week, data on U.S. automobile sales for November were better than expected as they came in at an annualized rate of 17.2 million vehicles. The gains were driven by increases in the sales of SUVs and trucks as car manufacturers offered incentives, and lower gas prices boosted demand for larger vehicles.

West Texas Intermediate (WTI) crude continued its plummet this week amid speculation that the global oil market will remain oversupplied following the Organization of Petroleum Exporting Countries (OPEC) decision to keep output unchanged. Crude came under pressure earlier in the week after Saudi Arabia's state-run oil company lowered official selling prices for its crude in January to the lowest in at least 14 years for buyers in the U.S. and Asia.

Domestic stockpiles also shrank by 3.69 million barrels to 379.3 million barrels in the week ended November 28, down from the highest since the end of June, the Energy Information Administration (EIA) announced this week. Crude inventories at Cushing, Oklahoma, the nation's largest storage hub, decreased by 694,000 barrels to 23.9 million. Production climbed to 9.08 million barrels a day, the fastest rate in weekly records that started in January 1983, according to the Energy Department's statistical arm.

| INDEX | LEVEL | WEEK | YTD | 12 MOS |
|----------------------------|-----------|--------|---------|---------|
| DJ Industrial Average | 17,958.79 | 0.89% | 8.34% | 16.35% |
| NASDAQ | 4,780.75 | -0.14% | 14.47% | 20.16% |
| S&P 500 LargeCap | 2,075.37 | 0.54% | 12.28% | 18.85% |
| S&P 400 MidCap | 1,444.31 | 0.26% | 7.58% | 12.94% |
| S&P 600 SmallCap | 678.39 | 0.23% | 1.93% | 6.54% |
| MSCI EAFE | 1,830.28 | -0.51% | -4.45% | 3.02% |
| MSCI Emerging Markets | 986.91 | -1.77% | -1.57% | 1.60% |
| Barclays Agg | | -0.12% | 5.57% | 5.46% |
| Barclays Intermediate G/C | | -0.11% | 3.14% | 2.74% |
| Treasury Long | | -0.12% | 20.73% | 20.15% |
| Merrill High Yield | | -1.07% | 3.12% | 3.72% |
| FTSE/NAREIT All REIT Index | | -0.57% | 20.86% | 26.55% |
| Bloomberg Commodity Index | | -0.66% | -10.78% | -10.40% |

| KEY TREASURY RATES | CURRENT WEEK | 1 MONTH AGO | 1 YEAR AGO |
|-------------------------------|--------------|-------------|------------|
| 3-Month T-Bill | 0.01% | 0.02% | 0.06% |
| 2-Year Treasury | 0.64% | 0.52% | 0.30% |
| 5-Year Treasury | 1.68% | 1.63% | 1.49% |
| 10-Year Treasury | 2.30% | 2.34% | 2.87% |
| 30-Year Treasury | 2.97% | 3.06% | 3.91% |
| Municipal Bond Yields (10 Yr) | 2.14% | 2.20% | 2.75% |

UPCOMING WEEK

Next week will be a light week; however, there will be retail sales and consumer sentiment reports that will give us an indication on the effect of lower gas prices on consumer spending.



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