



## THE WEEK IN REVIEW

Stocks fell back into negative territory for the year as the energy and materials sectors dragged the broader market down. The price of crude oil fell 7.9% this week after the International Energy Agency reported U.S. oil stockpiles increased 4.2 million barrels last week, four times the level expected by the market. Gold and copper prices also weighed on stocks as both fell to six-year lows.

The JOLTS report for September was released this week, with job openings for the month rising from 5.38 million to 5.53 million, the second-highest level since the data was first collected in 2000. The quits rate was unchanged at 1.9% and has remained unchanged for the last six months, likely because employers are not offering high enough pay to entice workers away from their current jobs, or due to a mismatch between job opening requirements and the skill sets of workers searching for jobs. Jobless claims for the first week of November remained unchanged at 276,000, lingering close to 15-year lows, but higher than the 268,000 analysts were expecting.

European Central Bank head, Mario Draghi spoke to Europe's Economic and Monetary Affairs Committee Thursday about risks to the European economy stemming from volatile global growth. He mentioned inflation normalization will likely take longer than was expected when stimulus measures were introduced into the economy in March and hinted at the potential for further quantitative easing measures in December. Third quarter euro zone GDP was released Friday and seemed to back up his remarks, as growth slowed from a 1.6% annualized rate in the second quarter to 1.2%.

U.S. retail sales for October rose 0.1%, less than the 0.3% analysts were expecting following a decline in auto purchases, and indicative of a decline in consumer spending heading into the holiday season. Core retail sales, excluding autos, gas, building materials, and food, increased 0.2%, also below analyst expectations.

Third quarter earnings season is nearing the end as 455 members of the S&P 500 Index have reported earnings through Thursday morning. According to Zacks Investment Research, earnings for these companies are down 2.5% and revenue is 4.1% lower. Excluding the struggling energy sector, earnings are up 4.5% on 1.7% higher revenue. Weak revenue growth of large-cap multinational companies in the S&P 500 Index is not surprising given slower global growth and a stronger U.S. dollar, but it is surprising to see similar revenue weakness in the Russell 2000 Index, which is comprised of more domestically focused small-cap companies. Earnings have been reported from 1,693 members of the Russell 2000. Of those, earnings are down 13.9% on 1.8% higher revenue. Estimates for fourth quarter earnings growth has been revised lower to -6.4%, down from -1.1% in September.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,245.24	-3.71%	-3.24%	-2.31%
NASDAQ	4,927.88	-4.26%	4.05%	5.29%
S&P 500 LargeCap	2,023.04	-3.62%	-1.74%	-0.80%
S&P 400 MidCap	1,406.06	-3.90%	-3.19%	-1.77%
S&P 600 SmallCap	675.85	-4.59%	-2.77%	-0.63%
MSCI EAFE	1,728.63	-0.85%	-2.61%	-4.63%
MSCI Emerging Markets	833.74	-2.20%	-12.82%	-16.02%

Barclays Aggregate US	0.02%	0.36%	1.20%
Bloomberg Non-US Govt Bond	-0.37%	-1.62%	-0.61%
Bloomberg US Treasury Index	0.07%	0.46%	1.77%
Bloomberg High Yield Index	-1.04%	0.11%	-2.69%

FTSE/NAREIT All REIT Index	-2.27%	-5.95%	-3.62%
Bloomberg Commodity Index	-3.29%	-20.99%	-28.90%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.14%	0.01%	0.02%
2-Year Treasury	0.86%	0.64%	0.53%
5-Year Treasury	1.67%	1.36%	1.64%
10-Year Treasury	2.28%	2.06%	2.35%
30-Year Treasury	3.06%	2.89%	3.08%
Municipal Bond Yields (10 Yr)	2.21%	2.08%	2.25%

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

## UPCOMING WEEK

Economic data will be limited to only a few releases next week. The Consumer Price Index is expected to have increased 0.2% in October after two months of declines. Similar to CPI, economists expect Industrial Production to rebound in October after two months of declines. The other major economic release next week is Housing Starts which economists estimate to have weakened 3.8% in October.

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