MAINSTREET
ADVISORS

FINANCIAL MARKET UPDATE 11/27/15

THE WEEK IN REVIEW

The equity markets moved into positive territory Friday to finish off the shortened trading week slightly higher. The energy sector was the largest detractor as another sell off in oil prices occurred only to be offset by gains in the more defensive sectors. Telecom, Utilities, and Consumer Staples were the best performing equity asset classes for the week. Investors focused on the much anticipated Black Friday retail sales numbers. Many retailers have taken to opening stores on Thanksgiving and this year seemed to be somewhat of a bust as online spending increased by 22% from the prior year. As the economy continues to improve the retail sector of the market continues to lag. The best sellers both in stores and online were iPads, followed by the game Pie Face which received over four million YouTube hits in the past week.

The Chinese stock market was rattled this week falling over 5% on Thursday as Chinese authorities investigate two of the country's major brokerages over suspected violations. The country's largest stock broker, CITIC Securities, said it would cooperate with the country's stock regulators on the suspected securities violations. Many of the financial stocks fell by the limit allowed under the trading rules within the country. CITIC Securities and Guosen Securities each fell by the 10% limit allowed while other financial and securities firms were down over 5%. Shares of Haitong Securities also fell dramatically only to be halted without citing any reason for the halt. Much of the crackdown centers around accusations of malicious short selling that took place over the summer when the Shanghai Composite Index fell by over 40% peak to trough. The Chinese government wants to foster a stock market that can support the consumer-based economy and not one that allows speculative investors to profit from derivative products. The Chinese markets remain up 20% from the August lows.

The selloff in the Chinese stock markets caused investors to flock to safety. Treasury yields fell to their lowest levels of the month Friday as money flowed to safer pastures. In the U.S., government bond yields declined across all maturities even with the expectation of an interest rate hike by the Federal Reserve. In Europe, government bonds also got a boost, driving yields lower following the selloff in the Chinese stock market. The yield on the 10-year German bond fell to 0.45%, its lowest level in over a month.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,798.49	-0.04%	-0.14%	-0.16%
NASDAQ	5,127.52	0.52%	8.27%	7.11%
S&P 500 LargeCap	2,090.11	0.10%	1.52%	0.83%
S&P 400 MidCap	1,468.99	1.36%	1.14%	1.02%
S&P 600 SmallCap	709.50	1.96%	2.06%	3.34%
MSCI EAFE	1,755.96	0.07%	-1.07%	-4.70%
MSCI Emerging Markets	838.09	-0.64%	-12.36%	-17.24%
Barclays Aggregate US		0.11%	0.79%	1.04%
Bloomberg Non-US Govt Bond		-0.19%	-1.04%	-0.97%
Bloomberg US Treasury Index		0.18%	0.97%	1.53%
Bloomberg High Yield Index		-0.33%	-0.76%	-2.98%
FTSE/NAREIT All REIT Index		0.68%	-1.77%	-1.24%
Bloomberg Commodity Index		-0.24%	-22.19%	-30.87%

KEY BOND RATES	WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill	0.17%	0.03%	0.02%
2-Year Treasury	0.92%	0.65%	0.47%
5-Year Treasury	1.65%	1.38%	1.49%
10-Year Treasury	2.22%	2.05%	2.18%
30-Year Treasury	3.00%	2.86%	2.89%
Municipal Bond Yields (10 Yr)	2.09%	2.08%	2.22%

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

UPCOMING WEEK

Next week will be a busy week for economic releases. On Tuesday, the ISM manufacturing index will be released with expectations to improve on last month with a forecast around 50.6%. Following that report will be the Q3 productivity reading on Wednesday and non-manufacturing index and factory orders on Thursday. Friday is a busy day, with the nonfarm payrolls, unemployment rate, average earnings, and trade deficit coming in. Economists predict nonfarm payrolls will decrease from 271,000 in October to 205,000 in November.