



THE WEEK IN REVIEW

After a weekend of digesting the first Fed rate hike since 2006, buyers came back into the market as all domestic equity indexes finished higher for the shortened trading week. Large Cap, Midcap, and Small cap equities all finished the week higher by over 2%, leaving the door open to end the year in positive territory. Although volume was down, albeit normal for this week, volatility remained within the energy sector. Both sectors finished the week higher by over 4%.

Although it was a shortened trading week with light volume, the economy was not short on data releases this week. On Tuesday, the GDP figures were revised downward to 2% from 2.1%, triggered by a larger trade deficit and a smaller buildup in inventories than previously reported. The economy is projected to grow at a similar pace in the fourth quarter, marking 10 straight years growth has been below the historical average of 3.3%.

New homes sales were announced Wednesday running at an annual rate of 490,000. This was above the previous month's number which was revised downward to 470,000, but below analysts' expectations of a rate of 505,000. The year to date average is running about 14% higher than the previous year. The pickup reflects growth in the broader economy with the jobless rate hitting a seven-year low, putting upward pressure on wages. Additionally, consumer spending and inflation were announced Wednesday, both picking up from the month prior. Consumer spending rebounded in November after remaining flat through October, while the inflation index rose 0.4% from November 2014 to November 2015, marking the largest 12-month gain since the end of last year.

Lastly, durable goods orders and initial jobless claims were announced this past week. The durable goods number came in flat following the 2.9% increase in October. Economists were expecting a decline of 1.1%. The initial jobless claims dropped by 5,000 to a seasonally adjusted 267,000 while economists were expecting claims to total 270,000.

International equity markets were also higher this week with emerging markets outpacing developed markets. Much of the action was bargain hunting in the commodity and materials sectors which have been beaten up this entire year. On Wednesday, oil and gas stocks were up 4.5% while material stocks were up 6%. The Chinese market led the emerging markets higher as leaders approved an economic plan for 2016, tackling long-term problems of funding the country through debt as new construction of empty apartments and over-production of unwanted goods have become a drag on economic output. The discussion centered on a plan for a long period of flat or stagnant growth.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,552.17	2.47%	-1.52%	-2.65%
NASDAQ	5,048.49	2.55%	6.60%	5.76%
S&P 500 LargeCap	2,060.99	2.76%	0.10%	-1.00%
S&P 400 MidCap	1,416.10	2.97%	-2.50%	-3.23%
S&P 600 SmallCap	683.12	3.08%	-1.72%	-1.72%
MSCI EAFE	1,710.79	1.40%	-3.61%	-4.46%
MSCI Emerging Markets	803.13	1.70%	-16.02%	-15.57%
Barclays Aggregate US		-0.33%	0.48%	0.93%
Bloomberg Non-US Govt Bond		-0.10%	-2.50%	-2.31%
Bloomberg US Treasury Index		-0.36%	0.90%	1.56%
Bloomberg High Yield Index		0.18%	-3.90%	-3.70%
FTSE/NAREIT All REIT Index		1.93%	-1.67%	-2.77%
Bloomberg Commodity Index		1.33%	-24.77%	-26.07%
KEY BOND RATES		WEEK	1 MO AGO	1 YR AGO
3-Month T-Bill		0.20%	0.16%	0.01%
2-Year Treasury		1.00%	0.93%	0.73%
5-Year Treasury		1.71%	1.66%	1.76%
10-Year Treasury		2.24%	2.24%	2.27%
30-Year Treasury		2.96%	3.00%	2.83%
Municipal Bond Yields (10 Yr)		2.00%	2.09%	2.13%

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 is another short week due to the closing of the markets on Friday. It is also a week light on data releases. The Case-Shiller Home Price Index and consumer confidence report will be released on Tuesday, and pending home sales will be released on Wednesday. Consumer confidence is forecasted to rebound to around 94.0 after November's reading of 90.4, and November's home sales are expected to increase to about 0.7% after 0.2% in October.

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