



## THE WEEK IN REVIEW

A volatile year in the markets came to a close with a volatile week, particularly in the equity markets. The S&P 500 finished down 0.72% on the week and -2.23% on the year. Aggregate bonds finished down for the week but still up almost 0.4% on the year.

In a week light on economic data releases, the Case-Shiller Home Price Index came in on Tuesday above consensus expectations, up a seasonally adjusted 0.9% in October and 5.5% year over year. This is the fastest annual rate since August of 2014. The western portion of the country continues to be strong, with multiple cities in the index coming with double digit price increases.

The Consumer Confidence Index was also released on Tuesday, coming in well above analyst expectations to finish the year at a solid 96.5. Expectations had been anywhere from 91-95, with a consensus of 93.5. The present situation portion of the index increased to 115.3 after a November reading of 110.9, and the expectations portion increased to 83.9 from 80.4. Those who said jobs were "plentiful" increased to 24.1% from 21% in November, and those claiming jobs were "hard to get," decreased from 25.8% to 24.7%. In addition, November's confidence level was revised up to 92.6 after an initial reading of 90.4, the lowest level in over a year.

The U.S. labor market ended 2015 on a sour note as the number of Americans filing for first-time unemployment benefits reached its highest level since midyear, though economists believe the move could reflect holiday season data volatility more than actual deterioration in the economy. Initial jobless claims increased by 20,000 to a seasonally adjusted 287,000 for the week ended December 26, according to the Labor Department. This increase marked the largest one-week rise since February and the highest reading for initial claims since the week ended July 4. The four-week moving average for initial claims, which smooths out week-to-week volatility, rose by 4,500 last week to 277,000. Thursday's report also showed the number of continuing jobless claims rose by 3,000 to 2,198,000 for the week ended December 19. Despite the increase, jobless claims have stayed below the key threshold of 300,000 for nearly 10 months, a sign of a healthy job market.

OPEC crude output was steady this month as the 12-member group abandoned its usual production target. The Organization of Petroleum Exporting Countries increased production by 18,000 barrels to 32.139 million a day this month, according to a Bloomberg survey. Saudi Arabia, the world's largest crude exporter, has led the group in fighting for market share against higher cost producers, such as shale drillers in the U.S. As of January 1, the group will have 13 members with the return of Indonesia. The Southeast Asian nation's membership will officially be reactivated after a seven-year suspension, and will be the only net-importing country in the producer group.

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	17,425.03	-0.72%	-2.23%	-2.23%
NASDAQ	5,007.41	-0.81%	5.73%	5.73%
S&P 500 LargeCap	2,043.94	-0.58%	-0.73%	-0.73%
S&P 400 MidCap	1,403.76	-0.88%	-3.40%	-3.40%
S&P 600 SmallCap	671.76	-1.66%	-3.37%	-3.37%
MSCI EAFE	1,727.47	0.45%	-5.53%	-5.53%
MSCI Emerging Markets	791.47	-1.59%	-17.24%	-17.24%
Barclays Aggregate US		-0.21%	0.37%	0.37%
Bloomberg Non-US Govt Bond		-0.07%	-2.51%	-2.51%
Bloomberg US Treasury Index		-0.34%	0.67%	0.67%
Bloomberg High Yield Index		0.28%	-3.52%	-3.52%
FTSE/NAREIT All REIT Index		0.08%	-1.83%	-1.83%
Bloomberg Commodity Index		0.09%	-24.70%	-24.70%
<b>KEY BOND RATES</b>		<b>WEEK</b>	<b>1 MO AGO</b>	<b>1 YR AGO</b>
3-Month T-Bill		0.16%	0.22%	0.04%
2-Year Treasury		1.05%	0.94%	0.67%
5-Year Treasury		1.76%	1.65%	1.65%
10-Year Treasury		2.27%	2.21%	2.17%
30-Year Treasury		3.02%	2.98%	2.75%
Municipal Bond Yields (10 Yr)		2.00%	2.07%	2.11%

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 busier one for economic releases. On Monday the ISM Manufacturing Index and construction spending report will be released, and on Wednesday the November trade deficit and factory orders, as well as the ISM Non-Manufacturing Index will be released. Factory orders are expected to decrease 0.1% after October's 1.5% gain, while the trade deficit is forecasted to increase slightly to \$44.1 billion. Nonfarm payrolls and unemployment rate data for December will be released Friday. The unemployment rate is expected to remain at 5%, with nonfarm payrolls falling to 204,000 from November's report of 211,000.

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