



THE WEEK IN REVIEW

The S&P 500 and Dow indices closed at record highs for four consecutive days this week. The S&P 500 and Dow hit important milestones for the first time Tuesday with the S&P 500 dosing above 2,200 and Dow above 19,000. The post-election stock market rally was largely fueled by the financial sector which accounted for 54% of the post-election rally through Monday, according to S&P Dow Jones Indices. Shares of financial firms have benefitted from expectations of less regulation under the Trump administration and the Fed raising rates again in December.

Minutes from the Federal Reserve's November 1-2 meeting reiterated recent comments from Fed officials that an interest rate increase was possible "relatively soon." The Fed kept rates unchanged at the meeting by a vote of 8 to 2. Most participants agreed the case for a rate increase had strengthened, but they wanted more evidence inflation would continue rising toward their long-term target. Some participants argued an increase should occur at the next meeting to preserve credibility. Fed fund futures indicate investors see a 93.5% probability the Fed raises rates in December.

Demand for long lasting manufactured goods rose in October at the fastest pace in a year, a sign the U.S. factory sector has begun to stabilize. Orders for durable goods rose 4.8% to a seasonally adjusted \$239.4 billion from a month earlier. Last month's jump was driven by a near doubling in orders for civilian aircraft, a highly volatile segment, but demand for most other categories increased as well. September's overall orders were also revised to a 0.4% gain from a previously estimated decline. As a result, orders have now increased for four straight months, but are still down slightly through the first ten months of the year, compared with the same period in 2015.

U.S. home resales rose last month to their highest level in nearly 10 years despite meager supplies as faster wage gains and low mortgage rates motivated buyers. Sales increased 2% to a seasonally adjusted annual rate of 5.6 million from an upwardly revised 5.49 million in September, the National Association of Realtors said Tuesday, marking the highest level since February 2007. Fewer Americans purchased new homes in October though, but sales are still much stronger this year than in 2015. According to the Commerce Department, new home sales fell 1.9% last month to a seasonally adjusted annual rate of 563,000 units. However, sales through the first 10 months of this year are 12.7% higher than during the same period last year.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Existing Home Sales	5.60M	5.38M	▲
New Home Sales	563K	622K	▼
Durable Goods Orders	4.80%	3.60%	▲
Consumer Sentiment	93.8	89.8	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	19152.14	1.51%	9.91%	7.52%
NASDAQ	5398.92	1.45%	7.82%	5.80%
S&P 500 LargeCap	2213.35	1.43%	8.28%	5.93%
MSCI EAFE	1625.20	0.68%	-5.31%	-6.60%
Barclays Aggregate US		-0.14%	2.39%	2.19%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.49%	0.33%	0.17%
10-Year Treasury	2.35%	1.76%	2.23%

REPORTS DUE NEXT WEEK	LATEST
U.S. Q3 GDP (2nd Reading)	2.9%
ISM Manufacturing Index	51.9
Nonfarm Payrolls	161,000
Unemployment Rate	4.9%

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

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