



## THE WEEK IN REVIEW

Rising expectations for tax legislation helped domestic stocks, bond yields and the dollar move higher Friday after the Senate passed a budget proposal for next fiscal year. Republicans unlocked the reconciliation procedure since both the Senate and House passed budgets. Reconciliation will make it easier for Republicans to pass tax legislation through a simple 51-vote majority in the Senate instead of the usual 60 votes, and it prohibits filibustering. The S&P 500 reached an intra-day record Friday as the financial sector led the market with a gain of 1.2%. The U.S. 10-year treasury yield finished the week at 2.38%, its highest close since July.

On Tuesday two Senators reached a bipartisan agreement to extend cost-sharing payments to insurance providers for two years. Last week, President Trump said the payments would stop given they had no legal basis since the Obama administration implemented them without congressional approval. The agreement was a relief for the insurance industry because insurers have said they would experience losses without the payments under the Affordable Care Act program which would force them to raise premiums. The S&P 500 sub-industry managed health care index responded favorably to the news with a 3.7% gain.

Sales of previously owned homes rose slightly in September, reflecting a rebound in home sales in hurricane-ravaged Houston. Existing-home sales rose 0.7% from a month earlier to a seasonally adjusted annual rate of 5.39 million units, according to the National Association of Realtors. In August, existing-home sales fell to their lowest level in a year, spurred mostly by a sharp drop in Houston home sales and a shortage of homes on the market. But in September, Houston's existing-home sales rebounded by 4.0%, boosting the overall sales figure. Despite this monthly increase, existing-home sales fell 1.5% in September from a year earlier. Analysts expect that sales in the hurricane-affected areas will rebound further once delays in sales fade. Overall housing sector growth has been weighed down in recent quarters by lack of supply, as the number of previously owned properties on the market has not kept up with demand.

China reported third-quarter growth data Thursday that met expectations, but was a tad lower than the second quarter's 6.9% expansion. The country's National Bureau of Statistics said its third-quarter GDP growth was 6.8% compared to the same period last year. This came a day after President Xi Jinping made grand promises for China's economic future during the nation's 19th National Congress of the Communist Party. A statement from the statistics bureau painted a picture of steadily positive economic development in the first three quarters. No major policy changes are expected out of the twice-a-decade party congress, which is widely expected to reappoint Xi as General Secretary. The party also will name a Standing Committee, the country's ruling inner circle of power, in preparation for installing a new government in early 2018.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Industrial Production (M/M)	0.28%	0.20%	▲
Housing Starts (Millions Annualized)	1.127	1.217	▼
Existing Home Sales (Millions Annualized)	5.39	5.51	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	23328.63	2.00%	18.04%	28.44%
NASDAQ	6629.06	0.35%	23.15%	26.46%
S&P 500 Large Cap	2575.21	0.86%	15.02%	20.26%
MSCI EAFE	2005.96	0.10%	19.12%	19.41%
Barclays Aggregate US		-0.19%	3.28%	0.57%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.10%	1.03%	0.33%
10-Year Treasury	2.38%	2.27%	1.76%

REPORTS DUE NEXT WEEK	LATEST
Durable Goods Orders	2.0%
New Home Sales (Thousands Annualized)	560
GDP (Annualized)	3.1%
U. of Mich. Consumer Sentiment	101.1

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

Opinions herein are as of the publication date; and are subject to change without notice, they are not statements of facts and may include "forward-looking statements" which may or may not be accurate over the long term. The week is calculated beginning with Monday's market open. Report includes candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions. Statements, opinions or forecasts not guaranteed. Do not place undue reliance on forward-looking statements. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Indices and sector statistics are unmanaged and are a common measure of performance of their respective asset classes. Indices are not available for direct investment. Past performance is not indicative of future results. The value of investments and the income derived from investments can go down as well as up. Future returns are not guaranteed, and a loss of principal may occur. Investing for short periods may make losses more likely. Not a deposit, not FDIC insured, may lose value, not bank guaranteed, not insured by any federal government agency.