

THE WEEK IN REVIEW

The three major U.S. equity averages pushed higher this week, highlighted by the Nasdaq Composite's 0.9% gain on the strength of well-received quarterly results from Apple Inc. and Friday's rumors of a merger between chip-maker giants Qualcomm Inc. and Broadcom Ltd. On Capitol Hill, Republicans in the House of Representatives released their widely anticipated tax bill which reduces the U.S. corporate tax rate to 20% from 35%, reduces the number of individual tax brackets from seven to four (12%, 25%, 35% and 39.6%), cuts the mortgage reduction in half for new homes and preserves state and local tax deductions. Terrorism again reared its ugly head on Tuesday, as an Uzbekistan national killed eight in lower Manhattan after driving a rented pick-up truck down a bike path.

About 27% of S&P 500 companies reported quarterly results this week, highlighted by social network Facebook Inc. and iPhone-maker, Apple Inc. Facebook reported a 79% increase in net income to \$4.7 billion from the same period a year ago, while Apple's fourth quarter revenue of \$52.6 billion exceeded the median Bloomberg forecast of \$50.7 billion. Apple shares climbed 5.8% on the week, while Facebook gained 0.6%.

In central bank news, President Trump officially appointed current Fed governor Jerome Powell to be the next Federal Reserve chair. Meanwhile, the Bank of England hiked interest rates for the first time since 2007 amid a backdrop of rising inflation.

Turning to economic data, this morning's employment report for October released by the Department of Labor pointed to a rebound in non-farm payrolls following a bleak September report. The U.S. labor market added 261,000 jobs in October, coming in below the consensus estimate. While the jobs number seemed somewhat disappointing, this figure was offset by 90,000 of upward revisions to the prior two months' data. The labor market continues to tighten as the pool of available workers dropped sharply, and the labor force participation rate decreased 400 basis points to 62.7%. The unemployment rate ticked down to 4.1%, a decline of seven tenths of a percentage point this year. Wage inflation stalled as average hourly earnings were flat for the month, following 0.5% gains in both August and September. In October, the year-over-year wage gains slowed to 2.4%. The tightness in the supply of labor combined with persistent demand begs the question of whether or not wage growth can remain tepid for much longer.

Despite coming up shy of the 13-year high of 60.8 in September, the ISM Manufacturing Index posted another strong reading of 58.7 in October, beating economists' consensus estimate for a fifth consecutive month. Input prices remain under pressure and delivery times continue to lengthen, as effects of the hurricanes continue to weigh on the economy. The report points to expanding business conditions as new orders, production, employment, order backlogs and export orders all grew in October. Of the 18 manufacturing industries, 16 reported growth for the month of October, with two reporting the same level of activity as September.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing Index	58.7	56.3	▲
Unemployment Rate	4.1%	4.3%	▼
Jobless Claims (Thousands)	229	241	▼
Core PCE price index (YoY)	1.3%	1.5%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	23539.19	0.45%	19.11%	31.28%
NASDAQ	6764.43	0.94%	25.66%	33.73%
S&P 500 Large Cap	2587.84	0.26%	15.59%	23.90%
MSCI EAFE	2013.79	1.16%	19.58%	21.86%
Barclays Aggregate US		0.42%	3.34%	0.99%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.17%	1.04%	0.37%
10-Year Treasury	2.33%	2.32%	1.81%

REPORTS DUE NEXT WEEK	LATEST
JOLTS (Millions)	6.082
Consumer Credit (Billions)	13.1
U. of Mich. Consumer Sentiment	100.7

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.