



THE WEEK IN REVIEW

President Donald Trump signed the Republican-led \$1.5 trillion tax-overhaul bill on Friday, delivering a major tax cut to U.S. corporations along with tax cuts for other businesses and most individuals. The bill also doubles the standard deduction and places tighter limits on state and local tax deductions. The legislation slashes the corporate tax rate to 21% from 35% and cuts individual tax rates across the board.

The S&P 500 ticked up slightly by 0.3% for the week as investors digested the new tax overhaul Congress passed. The U.S. 10-year Treasury yield increased by roughly 13 basis points (or 0.13%), finishing at 2.48% for the week. U.S. crude oil prices advanced 1.8% while digital currency bitcoin plummeted 18.7% on the week.

The final reading for third quarter U.S. GDP came in at 3.2% vs. 3.3% expected. The 3.2% growth is the fastest pace in over two years. Growth was driven by increased business spending which rose 4.7%, a constructive build in inventories, and an improvement in net exports. GDP growth in coming months could get a slight lift from the substantial tax overhaul passed by Congress this week as most economists forecast a modest economic boost from the tax cuts. Growth in consumer spending, which accounts for more than two-thirds of the U.S. economy, was revised down to 2.2%.

U.S. single-family home starts and permits surged above their ten-year highs in November, a hopeful sign for a housing market that has been hobbled by supply constraints so far this year. Single-family homebuilding, which accounts for the largest share of the housing market, jumped 5.3% to a rate of 930,000 units. That was the highest level since September 2007. U.S. home sales also increased more than expected last month, hitting their highest level in nearly eleven years. The report on Wednesday from the National Association of Realtors showed existing home sales surged 5.6% to a seasonally adjusted annual rate of 5.81 million units last month amid continued recovery in areas in the South ravaged by recent hurricanes. To round out a positive week for housing, sales of new U.S. single-family homes unexpectedly rose in November, hitting their highest level in more than ten years.

In the manufacturing sector, new orders for durable goods made in the U.S. fell in November after four straight months of increases, however, gains in shipments suggest that business spending on equipment should remain strong in the fourth quarter. Orders for non-defense capital goods excluding aircraft, a proxy for business spending plans, fell 0.1% last month. Data for October was revised to show that core capital goods orders jumped 0.8% vs. the previously reported 0.3% gain.

| ECONOMIC INDICATOR | LATEST | 3MO PRIOR | CHANGE |
|---|--------|-----------|--------|
| Housing Starts (Millions Annualized) | 1.30 | 1.17 | ▲ |
| Existing Home Sales (Millions Annualized) | 5.81 | 5.35 | ▲ |
| GDP (Annualized) | 3.2% | 3.1% | ▲ |
| Personal Spending | 0.6% | 0.2% | ▲ |
| Core PCE Index (YoY) | 1.5% | 1.3% | ▲ |

| INDEX | LEVEL | WEEK | YTD | 12 MO |
|-----------------------|----------|--------|--------|--------|
| DJ Industrial Average | 24754.06 | 0.42% | 25.26% | 24.27% |
| NASDAQ | 6959.96 | 0.34% | 29.29% | 27.77% |
| S&P 500 Large Cap | 2683.37 | 0.28% | 19.86% | 18.68% |
| MSCI EAFE | 2033.66 | 1.28% | 20.76% | 21.46% |
| Barclays Aggregate US | | -0.58% | 3.04% | 3.78% |

| KEY BOND RATES | WEEK | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill | 1.32% | 1.28% | 0.50% |
| 10-Year Treasury | 2.48% | 2.32% | 2.55% |

| REPORTS DUE NEXT WEEK | LATEST |
|------------------------------------|--------|
| Conf. Board Consumer Confidence | 129.5 |
| Initial Jobless Claims (Thousands) | 245 |

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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