

THE WEEK IN REVIEW

U.S. equity markets managed a soft landing in the holiday-shortened final trading week of 2017. The blue-chip Dow Jones Industrial Average and S&P 500 Index declined 0.1% and 0.3%, respectively on the week. After last week's race to pass the Tax Cuts and Jobs Act of 2017, this week saw muted headlines, light trading volumes, and narrow trading ranges for the major U.S. equity averages. Bond prices notched gains and the yield on the benchmark ten-year U.S. Treasury bond fell 0.07% to close the week at 2.41%, as confidence among U.S. consumers cooled off in December. The trade-weighted U.S. dollar weakened approximately 1.3% for the week, as the euro strengthened from \$1.186 to \$1.199 over the last five days. The Bloomberg Dollar Spot Index declined 8.6% in 2017 after climbing 24.3% from 2014 to 2016.

After reaching a seventeen-year high, the Conference Board's Consumer Confidence Index slipped to 122.1 in December from a revised 128.6 in November and 126.2 in October. The final reading of the year came in well below the consensus estimate of 128.0. The decrease was driven by a less optimistic short-term outlook for job prospects and business conditions. The share of consumers expecting business conditions to improve over the next six months declined from 23.1% to 20.2%, while those anticipating worsening business conditions ticked up from 6.7% to 9.2%. Consumers' current assessment of the labor market was mixed; those claiming jobs are "plentiful" dropped to 35.7 percent from 37.5 percent, while those claiming jobs are "hard to get" decreased from 16.8 percent to a 16-year low of 15.2 percent.

The cold spell gripping large swathes of the country has driven U.S. natural gas future prices 12.9% higher over the last two weeks. Analysts expect a significant increase in heating-driven demand and subsequent drawdown of supplies in coming weeks. Despite the cold temperatures, U.S. consumers have not shied away from spending on retail items this holiday season. A recent Wall Street Journal article cited Mastercard SpendingPulse data indicating total retail sales, excluding automobiles, grew 4.9% from November 1 to December 24 this year compared to 3.7% over the same period last year.

Following months of negotiations, a group led by Japanese technology giant SoftBank Group Corp. succeeded in a tender offer to acquire an 18% stake in ride-sharing firm Uber Technologies from investors and employees. The \$8.7 billion deal values the U.S. startup at \$48 billion, a steep discount to its most recent valuation of \$68 billion. The funding will help solidify the balance sheet, support investments in technology, and continue to fuel growth at the firm leading up to a possible IPO as early as 2019. The deal comes at a critical time for Uber, as the firm has undergone sweeping corporate changes following the contested departure of co-founder and CEO Travis Kalanick and efforts of recently appointed Chief Executive Dara Khosrowshahi to improve the firm's corporate governance and culture.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Conf. Board Consumer Confidence	122.1	120.6	▲
Initial Jobless Claims (Thousands)	245.0	269.0	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	24719.22	-0.14%	25.08%	24.72%
NASDAQ	6903.39	-0.81%	28.24%	27.09%
S&P 500 Large Cap	2674.40	-0.33%	19.46%	18.90%
MSCI EAFE	2043.31	0.52%	21.34%	21.97%
Barclays Aggregate US		0.37%	3.40%	3.66%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	1.38%	1.28%	0.45%
10-Year Treasury	2.41%	2.39%	2.48%

REPORTS DUE NEXT WEEK	LATEST
Non-Farm Payrolls (Thousands)	228.0
Trade Balance (Billions)	-48.7
ISM Manufacturing	58.2

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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