Weekly Market Update

General Market News

- Yields fell across the curve last week, with the largest declines on the short end of the curve. The 10-year Treasury opened the week at 3.08 percent, while the 30-year fell to 3.34 percent.

- All three major U.S. markets were down on the week. The consumer discretionary, technology, and energy sectors were among the worst performers. Despite a solid October retail sales print, the earnings within that sector displayed signs of challenges. Macy's (M) missed expectations and saw an increase in capital expenditures. Nordstrom (JWN) also missed on comparable sales and inventory levels. Dillard's (DDS) and JCPenney (JCP) both had to increase promotional activity to drive sales, which hurt margins. Nvidia (NVDA) fell by more than 20 percent, as it lowered guidance following a softer cryptocurrency sales demand. Finally, we saw West Texas Intermediate fall by another 6 percent, moving it into bear market territory.

- On Wednesday, the Consumer Price Index showed year-over-year consumer inflation of 2.5 percent, which was in line with expectations and supports another Federal Reserve rate hike in December.

- On Thursday, October's retail sales data showed stronger-than-expected growth of 0.8 percent on a month-over-month basis. The core figure that strips out volatile auto sales was also up a strong 0.7 percent.

Market Index Performance Data

EQUITIES

Index	Week-to-Date %	Month-to-Date %	Year-to-Date %	12-Month %
S&P 500	−1.54	1.07	4.11	7.88
Nasdaq Composite	−2.09	−0.67	6.00	7.81
DJIA	−2.15	1.41	4.87	10.78
MSCI EAFE	−1.42	0.03	−8.85	−5.72
MSCI Emerging Markets	1.05	3.21	−12.73	−9.89
Russell 2000	−1.37	1.15	0.55	4.06

Source: Bloomberg

FIXED INCOME

Index	Month-to-Date %	Year-to-Date %	12-Month %
U.S. Broad Market	0.43	−1.95	−1.59
U.S. Treasury	0.60	−1.55	−1.48
U.S. Mortgages	0.58	−1.13	−0.96
Municipal Bond	0.35	−0.67	−0.40

Source: Morningstar Direct

What to Look Forward To

This week is a short but busy one on the economic front, with several reports on housing and a look at durable goods demand.

On Monday, the National Association of Home Builders (NAHB) Housing Market Index was released. This report came in well below expectations, down from 68 for October to 60 for November. This decline came despite reports of strong prospective buyer numbers and low lumber prices, suggesting that the housing slowdown will continue.

This result also calls into question the expectations around other housing reports. For example, on Tuesday, the housing starts report is expected to show a small increase after a decline last month, rising from 1.20 million in September to 1.23 million (annualized) in October. Building permit data suggests, however, that the final number might be even better than expected. On Wednesday, the existing home sales report is expected to show sales increasing slightly, from 5.15 million in September to 5.20 million in October. Housing in general appears to be in a slowing trend, but this data would suggest that the slowdown may be moderating, which would contradict the NAHB survey results.

What to Look Forward To (continued)

Also on Wednesday, the headline index of the durable goods orders report is likely to show a substantial pullback. It is expected to fall from a 0.7-percent gain in September to a 2.1-percent decline in October due to a decrease in aircraft orders. The core index, which excludes transportation and is a much better economic indicator, is expected to improve from flat growth in September to 0.4-percent growth in October due to growing business investment. This would be a healthy level of growth. There may be some downside risk here, however, as the Institute for Supply Management Manufacturing index remained weak in October.

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