

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.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg Barclays US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg Barclays US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. Rev. 11/18.

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