		Return	
Index	**Close**	**Week**	**YTD**
Dow Jones Industrial Average	27,684	1.2%	18.7%
S&P 500 Index	3,093	0.9%	23.4%
NASDAQ	8,475	1.1%	27.7%
Russell 2000 Index	1,598	0.6%	18.5%
MSCI EAFE Index	1,982	0.8%	9.4%
10-yr Treasury Yield	1.94%	0.2%	-0.8%
Oil ($/bbl)	$57.41	2.2%	26.4%
Bonds*	$111.81	-1.0%	7.5%

Source: Bloomberg, 11/08/19

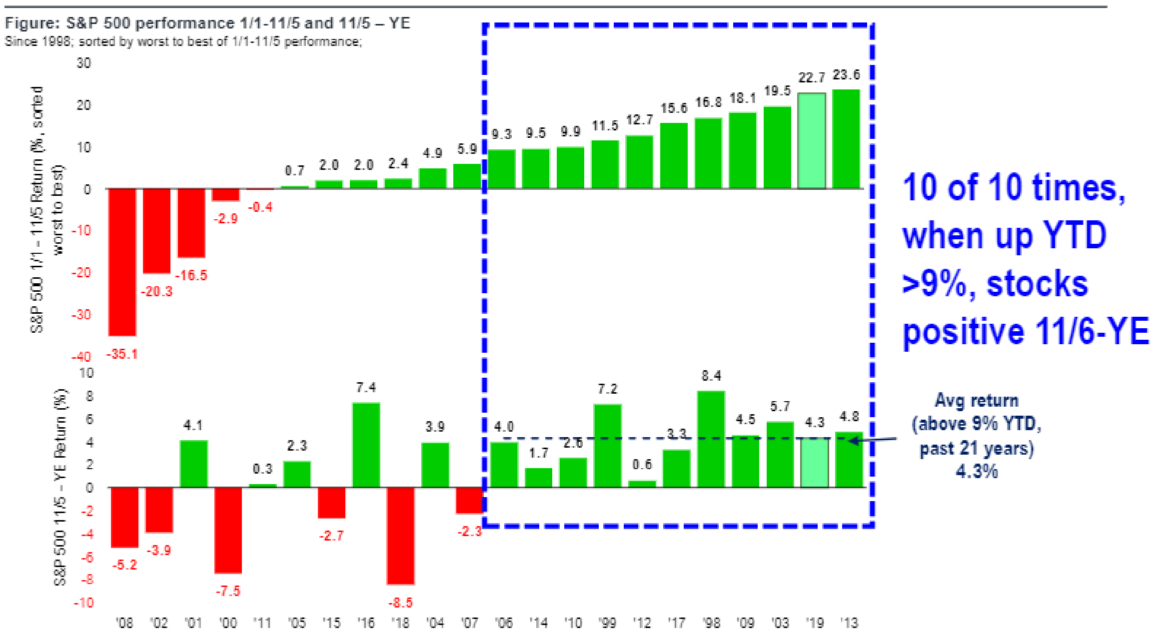
*Bonds represented by the iShares U.S. Aggregate Bond ETF

<u>Last Week:</u>

U.S. Equity Markets

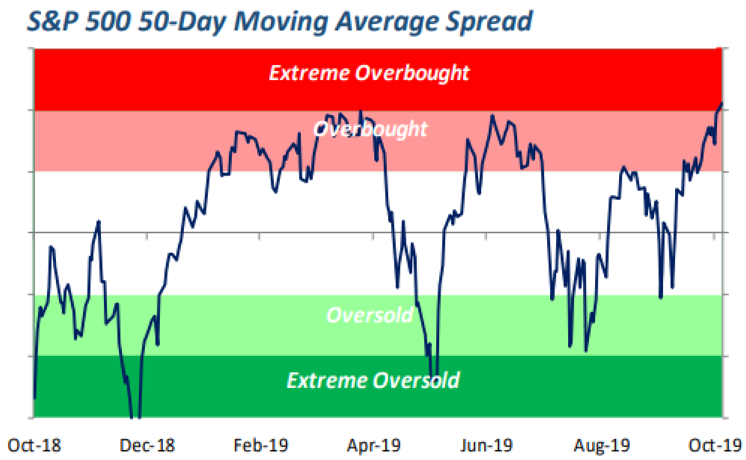
- US large cap equities (S&P 500 Index) rose 0.9% as expectations improved for a more meaningful phase one US-China trade deal, which could include removing plans for December tariffs and the roll back of tariffs that were implemented in September. Improving US economic data continued to reduce fears of a US recession, and third quarter earnings continue to be better-than-feared. The rotation into cyclical/value sectors (financials, materials, energy, industrials) away from stable/interest rate sensitive sectors (REITs, utilities, consumer staples) continued as economic data improved and interest rates increased
    - Financials (+2.4%) outperformed as banks rallied on the big backup in interest rates and pro-cyclical rotation
    - Energy (+2.0%) outperformed as the price of oil rose 2.2%
    - Materials (+2.0%) outperformed on strength in chemicals and industrial metals
    - Industrials (+1.9%) outperformed with strength in transports and machinery
    - Information technology (+1.7%) outperformed with strength in semiconductors
    - Communication services (+1.2%) outperformed with strength in traditional media stocks on earnings ahead of expectations
    - Healthcare (+0.3%) underperformed with weakness in med-tech and pharmaceuticals. Stryker offered to buy Wright Medical Group for $30.75/share
    - Consumer discretionary (+0.2%) underperformed with weakness in homebuilders, despite strength in retail and autos
    - REITs (-3.8%), utilities (-3.7%), and consumer staples (-0.5%) outperformed as investors favored less defensive and interest rate sensitive sectors
- The S&P 500 rose for a fifth-straight week, its longest streak since February

- When stocks are up 10%+ through November 5, they've risen through the remainder of the year in each of the last 10 instances



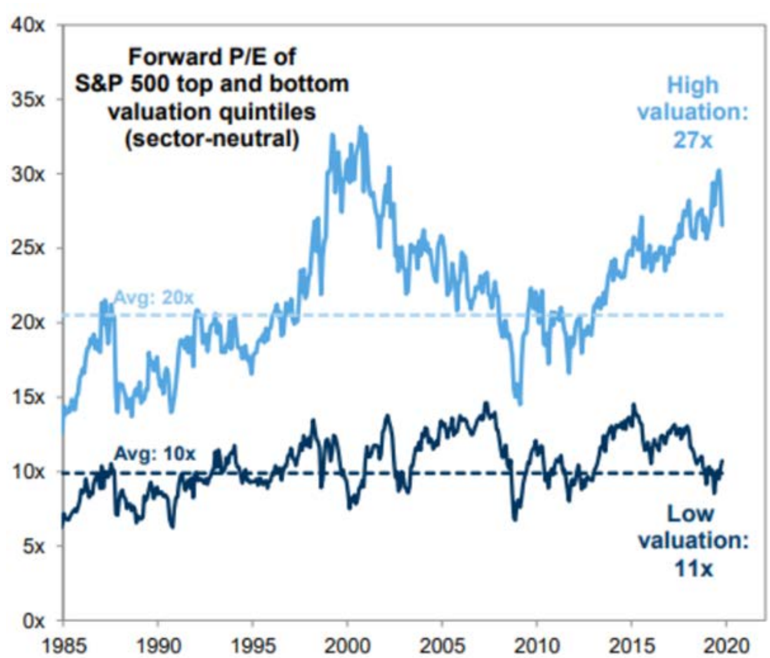
Source: Fundstrat, Bloomberg, Factset

- Xerox approached HP with a takeover offer
- Various media reports indicated Walgreens is considering going private
    - This morning, KKR said it has approached Walgreens
- Ride-sharing service Uber saw its stock hit a new low following the expiration of the lock-up period for company insiders. Shares have fallen 40% from the IPO price
    - "We believe [there] will be an avalanche of selling from early investors and insiders as this train wreck since the IPO continues," Wedbush analyst Dan Ives said
- McDonald's ousted its CEO for having a consensual relationship with a co-worker. Outgoing CEO Easterbrook gets to keep $37 million in stock awards, among other elements of his severance package
- The S&P 500 is the most "overbought" it has been in the past year, based on the index's distance to its 50-day moving average



Source: Bespoke

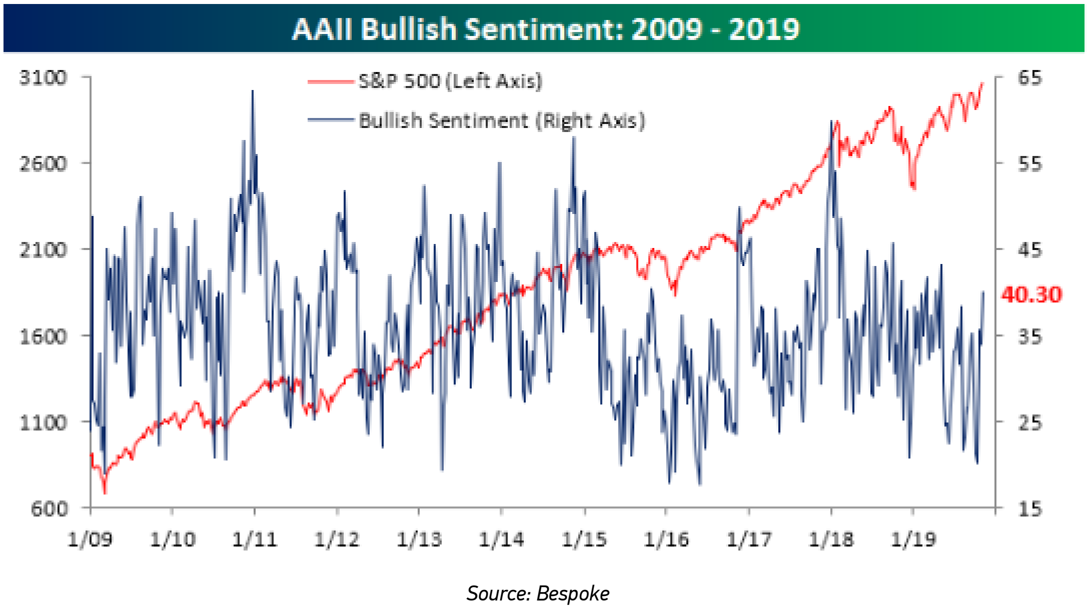
- Value has started to outperform growth in recent weeks, though the gap remains wider-than-average. According to Merrill Lynch data cited in Barron's, "the last time value stocks were this inexpensive was in 2003 and 2008, years in which they went on to outperform momentum stocks by 22 and 69 percentage points, respectively"[1]



Source: Marketwatch.com

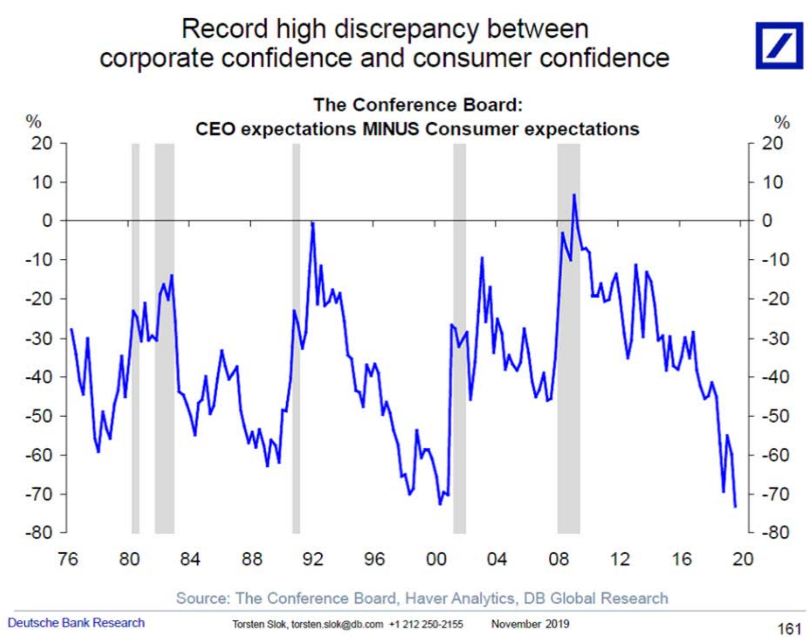
[1] "Big Gains, Bigger Trends," Randall W. Forsyth, Barron's, 11/11/2019

- Bullish sentiment, as measured by the American Association of Individual Investors, has risen to its highest level since May



Source: Bespoke

- But consumer optimism contrasts sharply with CEO pessimism, a gap that's as wide as it's been historically



U.S. Economic and Political News

- The University of Michigan's Consumer Sentiment index edged up to 95.7, from 95.5 last month, and above the 95.0 consensus forecast
- The IHSMarkit Services PMI ticked down to 50.6 in its final October reading from 50.9 the month prior
- But the ISM Services index showed the exact opposite, rising to 54.7 in October from 52.6 in September. That topped the 53.8 consensus forecast
  Weekly Jobless Claims dipped to 211,000
- It's still quite early, but preliminary estimates by the Atlanta and New York Federal Reserve see only 1% GDP growth in the fourth quarter, with the latter entity citing weak ISM Manufacturing data as a primary culprit for the soggy forecast
- The trade deficit fell 5% in September to a five month low. The US saw its first petroleum surplus since at least 1978, and imports from Germany and China declined

International Markets and News

- European equities (STOXX Europe 600) rose +1.4% on improved sentiment over a US-China trade truce, signs of stabilization in German macro data, and the Bank of England leaving its key policy settings on hold, but two MPC members unexpectedly voted for a 0.25% rate cut
  - The International Monetary Fund warned European policy makers to prepare for a recession, saying "a synchronized fiscal response" may be needed
- Chinese markets (Shanghai Composite Index) rose 0.2% on improving optimism of a US-China trade truce, but Chinese stocks fell on Friday as Beijing and Washington sent mixed messages about the rollback of existing tariffs
  - Investors may have been buying ahead of the widely expected announcement from MSCI to increase the weighting of mainland Chinese stocks in its influential Emerging Markets Index as MSCI said that A shares would rise to a weight of 4.1% from a current 2.6% weight
- Japanese equities (Nikkei 225 Index) rose 2.4% amid signs of improving US-China trade truce, and the Yen declining, which is favorable for Japanese export businesses
  - The *Financial Times* reported that the Japanese services sector as measured by Jibun Bank Japan Services Purchasing Managers' Index contracted in October for the first time in approximately three years

Commodities

- The price of gold fell -3.2% for the week
- The price of crude oil rose 2.2%, and oil remains up 26.4% in 2019 after collapsing in the 2nd half of 2018

This Week:

- Banks and the bond market are closed for Veteran's Day, but the stock market is open
- Various Wall Street brokerage firms are initiating research coverage on a newly public company called BellRing, which manufactures protein bars
    - One can only wonder if this marks a bell ringing
- Earnings season is nearly complete. According to Fundstrat, 444 of the S&P 500 constituents have reported quarterly results, with 73% of those beating expectations
    - Notable releases this week include, but are not limited to: DXC Technology, Advance Auto Parts, Aecom, **Amdocs**, **CBS**, D.R. Horton, Rockwell Automation, Tyson Foods, Skyworks Solutions, **Cisco Systems**, International Game Technology, Viacom, Walmart, Applied Materials, Nvidia, Parker-Hannifin
- US Economic data:
    - Monday: No significant economic data in the US
    - Tuesday: NFIB Small Business Index
    - Wednesday: MBA Mortgage Purchase Applications, CPI, CPI (ex Food, Energy,) Treasury Budget
    - Thursday: PPI, PPI ex Food, Energy
    - Friday: Empire Manufacturing, Export Prices, Import Prices, Retail Sales, Retail Sales ex Autos, Industrial Production, Capacity Utilization, Business Inventories
- Abroad, the macro-economic calendar will see preliminary GDP, Trade balance data, and CPI in Europe, and Industrial output and retail sales data in China

As always, thank you very much for your interest in our thoughts and support of our services

Whitney Stewart, CFA®
Executive Director

Adam Bergman, CFA®
Executive Director

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