



Index	Close	Return	
		Week	YTD
Dow Jones Industrial Average	28,005	1.2%	20.1%
S&P 500 Index	3,120	0.9%	24.5%
NASDAQ	8,541	0.8%	28.7%
Russell 2000 Index	1,597	-0.2%	18.4%
MSCI EAFE Index	1,962	-0.8%	8.3%
10-yr Treasury Yield	1.83%	-0.1%	-0.9%
Oil (\$/bbl)	\$57.81	1.0%	27.3%
Bonds*	\$112.41	0.5%	8.1%

Source: Bloomberg, 11/15/19

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

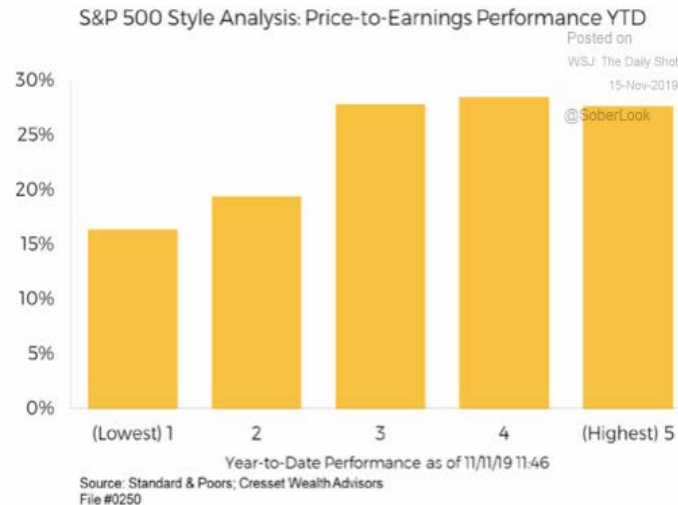
Last Week:

U.S. Equity Markets

- U.S. large cap equities (S&P 500 Index) rose 0.9% as the White House said that the U.S.-China trade talks remain constructive, despite multiple hurdles remaining and no deal yet. We have to wonder if we have seen this U.S.-China Trade movie before? Federal Reserve (Fed) Chairman Powell reiterated that the Fed may act if circumstances warrant a material reassessment of its generally positive outlook. U.S. economic data was mixed, while civil unrest continued in Hong Kong
 - Healthcare (+2.4%) outperformed with strength in managed & Med-Tech stocks. Long-tenured **Abbott Labs** CEO Miles White announced he will retire in 2020, consistent with recent messaging and the installation of an heir apparent as chief operating officer earlier this year
 - REITs (+1.9%), utilities (+1.5%), and consumer staples (+0.9%) rose as interest rate sensitive sectors benefitted from the decline in rates. Anheuser-Busch is purchasing the remaining stake in Craft Brew Alliance that it doesn't already own for \$16.50/share
 - Communication services (+1.3%) outperformed with strength from internet companies and entertainment stocks including Disney (+4.8%, on rollout of its streaming service)
 - Information technology (+1.3%) outperformed with strength from software, while communications equipment stocks were weaker
 - Industrials (+0.6%) underperformed with weakness in trucking, airlines, and machinery stocks
 - Materials (+0.2%) underperformed as chemicals & industrial metals were weak
 - Consumer discretionary (-0.2%) underperformed with weakness in autos and suppliers
 - Financials (-0.3%) underperformed as banks fell along with interest rates
 - Energy (-1.3%) underperformed with weakness from exploration and production and oil-service stocks
- The Dow Jones Industrial Average finished exactly unchanged Tuesday, the first time that's happened since 2014. Then on Thursday, it finished up 0.01%. The index has closed flat just three times since 2000

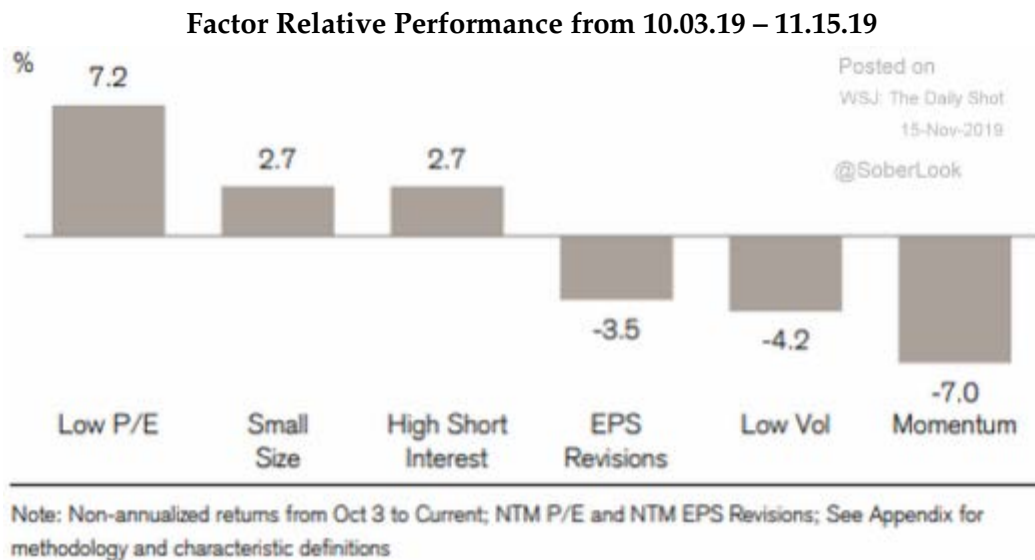


- For most of 2019, the most expensive stocks as measured by Price-to-Earnings Ratios led the S&P 500 Index to the upside



Source: Standard & Poor's, Cresset Wealth Advisors

- But, from October 3 through November 15, cheaper stocks with lower P/E ratios have outperformed



Source: Standard & Poor's, FactSet, Thomson Financial, Credit Suisse

U.S. Economic and Political News

- U.S. and global equities may be benefitting from the Federal Reserve's reversal of the balance sheet normalization or quantitative tightening (which only lasted 21 months) as approximately 40% of this reduction of the balance sheet has reversed in just over two months. Chair Powell doesn't want to call this reversal quantitative easing – well, what should we call it then?



Federal Reserve Total Assets Less Eliminations from Consolidation (\$M)



Source: Wall Street Journal, 11.15.2019

- The Empire Manufacturing Index printed 2.9, below the 5.9 consensus expectation
- Industrial Production dipped -0.8% in October, twice as much as the consensus forecast
- Retail Sales lifted 0.3% in October, above the 0.2% consensus forecast, though the monthly figure edged up just 0.2% excluding Autos, which was only half as much as consensus expected
- Weekly Jobless Claims were 225,000, a five month high, although still near generationally low levels and in the range of what the economy was producing earlier this year
- The Consumer Price Index rose 0.4% in October, a shade above the 0.3% consensus forecast, and the highest in seven months (led by an increase in gasoline prices). The year-over-year rate of increase checked in at 1.8%. Meanwhile, core CPI (excludes volatile food and energy components) came right in-line at +0.2%, and +2.3% year-over-year

Consumer prices

Change from previous year, not seasonally adjusted



Source: Bureau of Labor Statistics via FRED



- The Producer Price Index showed a similar result, rising 0.4% on a headline basis and 0.3% on a core basis, each a tick above the respective consensus estimates

International Markets and News

- European equities (STOXX Europe 600) rose +0.2% as Germany avoided a technical recession for now, Italian banks took the opportunity to profit from the European Central Bank's tiered system by borrowing more, and UK election campaigning gets underway
 - Germany's GDP grew at a meager 0.1% pace in the third quarter. In our opinion, if it talks like a recession and quacks like a recession, is it a recession?
- Hong Kong's economy contracted -3.2% in the September quarter
- Chinese markets (Shanghai Composite Index) fell -2.5% as weaker Chinese economic data underscored the U.S.-China trade war impact including disappointing data for industrial output, retail sales and fixed-asset investment (lowest reading since 1998, according to Bloomberg)
 - The weak economic data raised the prospects that Beijing may step up easing measures to bolster an economy straining from the U.S. trade tariffs
- Japanese equities (Nikkei 225 Index) fell as Japanese third quarter GDP of 0.2% was well below the 0.8% median market forecast
 - The Japanese government is preparing to trim its tax revenue estimate as first-half tax revenue (through September 30th) has declined -10% year-over-year, which may prompt the government to propose a supplementary budget and issue deficit-covering bonds

Commodities

- The price of gold rose 0.4% for the week
- The price of crude oil rose 1.0%, and oil remains up 27.3% in 2019 after collapsing in the 2nd half of 2018
- Agricultural commodities and the trade war have contributed to 580 farm bankruptcies in the 12 months through September, the most since 2011, according to the American Farm Bureau Federation



This Week:

- Hewlett Packard rejected Xerox's takeover offer, saying it undervalues HP and is not in the best interest of shareholders
- Just months ago, WeWork was on the verge of pricing a \$50 billion initial public offering. Now it is planning to lay off more than one-third of its employees
 - Last week, the company reported that it lost \$1.25 billion on \$934 million of revenue, and its loss increased more than 150% year-over-year
- Earnings season has mostly concluded, with retailers dominating this week's reporting schedule. Notable releases include, but are not limited to: Target, **Home Depot**, **Lowe's**, **Aramark**, **Medtronic**, Sonos, Copart, Nordstrom, Ross Stores, Gap, Splunk, Post Holdings, Williams-Sonoma, J M Smucker, Buckle
- Abroad, the macro-economic calendar will see Flash PMI's in Europe and Core CPI in Japan
- U.S. Economic data:
 - Monday: NAHB Housing Market Index, TIC Flows
 - Tuesday: Housing Starts, Building Permits, Fed Speaker Williams
 - Wednesday: FOMC meeting minutes
 - Thursday: Philadelphia Fed Index, Existing Home Sales, Leading Indicators
 - Friday: Flash Manufacturing PMI, Flash Services PMI, Michigan Consumer Sentiment (Final), Kansas City Fed Index, PMI Composite SA

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

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