



INCISIVE INVESTOR

Randall Fielder, President & CEO

1400 Broadfield Blvd. Suite 200; Houston, TX 77084

713-955-3555 ; randall@park10financial.com

www.park10financial.com

WEEK IN REVIEW:

DOW INDUSTRIALS CLOSE WITH BEST ANNUAL GAIN IN 3 YEARS

Review of the week ended December 30, 2016

- **Dow has best year since 2013**
- **All major US indexes up for 2016**
- **Oil gains big in 2016**
- **Europe slides lower**

U.S. stocks fell in the final trading day of the year on Friday as investors took profits on some of 2016's highflying sectors, although major indexes posted strong annual gains and the Dow closed out its best year since 2013.

Wall Street stocks have been in a particular uptrend since last month's presidential election, which sparked a rally that has contributed the bulk of the year's gains. Investors are betting that President-elect Donald Trump will push for policies—including massive corporate tax cuts and deregulation—that will accelerate economic growth.

Friday marks not only the final trading day of the year, but also of the week, the month, and the quarter. The table below demonstrates how major indexes performed over those periods.

Index	Week	Dec.	4th qtr.	2016
Dow	-0.9%	3.3%	7.9%	13.4%
S&P 500	-1.1%	1.8%	3.3%	9.5%
Nasdaq	-1.5%	1.1%	1.3%	7.5%
Russell 2000	-1.2%	2.5%	8.3%	19.4%

The strong annual gains largely reflect a second-half rally. Gains accelerated after Donald Trump's presidential election victory on Nov. 8. The Dow is up 7.8% since Nov. 8, its best Election Day-to-end-of-year performance since Dwight D. Eisenhower was elected president in 1952. Stocks had started 2016 on an inauspicious note, with the Dow posting the largest-ever five-day start to a new calendar year with a drop of more than 6%.

All four indexes hit a string of records in the year, while the Dow repeatedly came within 0.1% of the milestone level of 20,000, although it failed to penetrate it. With the

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week's decline, the Dow broke a seven-week streak of gains.

Oil posts 45% rise in 2016, biggest annual gain in 7 years

Oil futures saw modest losses in the final trading session of 2016, but scored the biggest yearly rise since 2009.

On the New York Mercantile Exchange, light, sweet crude futures for delivery in February fell 5 cents, or 0.1%, to close at \$53.72 a barrel. On a most-active basis, the U.S. benchmark futures contract saw a nearly 45% calendar-year rise and a more-than-8% jump in December, fueled in part by expectations members of the Organization of the Petroleum Exporting Countries and other major producers will abide by an agreement to curb output.

The annual rise was the first in two years,

and while the market saw a rocky road to get to this point with wild swings and at times historic volatility, the surge into the end of the year may have set a low in oil that could last for years.

Global Markets

European stocks posted their first yearly slid since 2011, while Asian markets ended the year slightly higher.

The Russian ruble fell sharply against the U.S. dollar due to diplomatic tension increasing between the U.S. and Russia in the wake of sanctions against Russia over alleged U.S. election hacking. However, Russian President Vladimir Putin on Friday said Russia would not expel U.S. diplomats in retaliation for Washington's expulsion of 35 alleged Russian intelligence operatives.

THE WEEK AHEAD

- **Monday Jan 2 US Holiday: New Year's Day All Markets Closed**
- **Tuesday Jan 3 ISM Manufacturing Index**
- **Wednesday Jan 4 Motor Vehicle Sales and ADP Employment Report**
- **Thursday Jan 5 Jobless Claims**
- **Friday Jan 6 Employment Situation and Factory Orders**