

W. James Steen, CFP®
jim@petrafin.com

Jason A. Pearson, CFP®
jason@petrafin.com

(O) 937.294.9000

www.petrafinancialsolutions.com



[JOIN US ON FACEBOOK](#)



- The S&P 500 posted four new all-time highs in November, ending the month just 0.65% below its November 25th record high of 2,213.35. The Dow Industrials gained over 1,000 points from its November 1 st low, up 5.88% for the month, and the NASDAQ Composite gained 2.80%.
- Base metals rallied in November, led by a 20% surge in copper prices, its largest gain since April 2006.
- Oil surged over 9% the last day of November after OPEC agreed to its first production cut in eight years.

Snapping three months of declines, the S&P 500 posted sharp gains in November as investors speculated that President-elect Donald Trump's plans for fiscal stimulus, tax cuts, and other policies will boost growth and accelerate a rebound in corporate profits. Since Election Day, cyclical growth stocks have largely benefited, led by banks and infrastructure-related industrials, while bonds and precious metals retreated together with defensive oriented sectors. Robust economic data also supported the rally, including an upward revision of third quarter GDP from 2.9% to 3.2%, the fastest growth pace in two years. Meanwhile, the third quarter corporate earnings season is virtually complete, with S&P 500 companies recording a cumulative 4% year-over-year gain in operating earnings. Analysts initially projected a 0.8% decline. Double-digit earnings increases were reported in Financials, Technology, Materials, and Utilities, while profit declines were observed in Energy (-67.5%) and Telecom (-2.6%).

Seven of the eleven major sector groups registered November gains, led by Financials (+13.94%), Industrials (+8.85%), and Energy (+8.40%). Utilities (-5.40%), Consumer Staples (-4.29%), and Real Estate (-3.07%) lagged. On a year-to-date (YTD) basis however, Energy (+24.95%), Industrials (+18.26%), and Financials (+18.19%) are this year's biggest winners, while Healthcare (-3.40%) and Real Estate (-0.92%) have declined.

Small and mid cap stocks outperformed relative to the large cap S&P 500 Index. The Russell 2000 small cap focused index surged 11.15% in November, its strongest monthly gain since October 2011. The Russell Mid Cap Index returned 5.39% last month. Small and mid caps also outperformed on a YTD basis, gaining 18% and 12.52% respectively. Value stocks outperformed growth in November, with the Russell 1000 Value Index up 5.71%, while the Russell 1000 Growth Index returned 2.18%. YTD, value stocks continue to widely outperform growth, returning 14.48% and 5.77% respectively.

The MSCI EAFE Index, a broad performance measure of global developed markets outside of the U.S. and Canada, underperformed domestic equities, down 1.99% last month. This index is now down 2.34% for the year. Hurt by a near certain December Fed interest rate hike, the MSCI Emerging Markets Index fell 4.60% in November, its worst performance since January. Despite this pullback, emerging market stocks are still up 10.94% for the year.

Treasuries, as measured by the Barclays U.S. Government Bond Index, fell 2.59% in November, its worst monthly performance since 2009 as investors shifted into equities. Prices on 10-year U.S. Treasury notes slumped, sending its yield up nearly 56 basis points in November, finishing the month at 2.382%. The Barclays U.S. Municipal Bond Index lost 3.73% last month, turning fractionally lower YTD. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, sank 2.37% in November. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, fell just 0.47% last month, slightly trimming its YTD gain to 15.01%.

Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards. Affiliates and subsidiaries and/or officers and employees of Cetera Financial Group or Cetera Advisors LLC may from time to time acquire, hold or sell a position in the securities mentioned herein. Securities offered through Cetera Advisors LLC, Member FINRA/SIPC. Petra Financial Solutions is not affiliated with Cetera Advisors. Petra Financial Solutions, Inc. 3055 Kettering Blvd., Suite 218. Dayton, OH 45439.

This information is compiled by Cetera Financial Group. No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.


PETRA
Financial Solutions, Inc.