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• 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%.

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