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Market Monitor



- The S&P 500 is up 5.11% year-to-date, closing 5.4% below its September 20 record high.
- Relative to earnings, the S&P 500 now trades at a multiple of about 19, its lowest level since early 2016.
- Oil prices touched below \$50/barrel the last day in November, plunging 22% during the month and down 33% from its 2018 high on October 3. Strong production is contributing to a global oil glut.

After falling 6.84% in October, U.S. stocks ended November in the black, following dovish comments from the Federal Reserve and optimism ahead of a key trade meeting between President Trump and China's President Xi Jinping. Fed Chairman Powell said interest rates are "just below the neutral rate," meaning there may be fewer rate hikes in 2019 than Wall Street previously believed. Together, the two themes prompted the S&P 500 to post its strongest weekly advance since 2011, turning an earlier November loss into a 2.04% gain and extending a year-to-date advance to 5.11%. Equity markets continue to be supported by strong consumer spending, tailwinds from tax reform, a strong economy, and a healthy labor market.

By market capitalization, mid cap stocks performed best (+2.46%), outpacing small caps (+1.59%) and large caps (+2.04%). Healthcare performed best both in November and YTD, while the recently revamped Communications Services sector lagged the most in November and YTD. Emerging market stocks outperformed the U.S. in November (+4.12%), trimming its YTD loss to 12.24%. Contrarily, developed markets excluding the U.S. fell 0.13% last month, extending its YTD loss to 9.39%. The Stoxx Europe 600 is down 10.69% YTD, while China's Shanghai Composite has lost 19.82% since the start of the year.

Treasury prices rallied last month, sending the yield on 10-year Treasury notes down 15.5 basis points to 2.99%. U.S. long-term government debt gained the most, posting a 1.87% gain. Investment-grade bonds of all types rose 0.60% in November, while state and local municipal bonds gained 1.11%, rebounding from an October loss. Noninvestment grade high-yield corporate bonds fell 0.86% in November, cutting its YTD gain to 0.06%.

Top Performers – November 2018 ¹	Bottom Performers – November 2018
Healthcare (+7.05%)	Technology (-1.88%)
Real Estate (+5.63%)	Energy (-1.65%)
Materials (+4.05%)	Communication Services (-0.65%)
Top Performers – YTD 2018	Bottom Performers – YTD 2018
Healthcare (+16.50%)	Materials (-8.38%)
Consumer Discretionary (+10.04%)	Energy (-6.21%)
Technology (+8.93%)	Communication Services (-5.66%)

¹ Morningstar Direct (all performance percentages are total return based, which include reinvested dividend, interest)

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Glossary

Bloomberg Barclays Capital U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least 1-year until final maturity, but in practice has an average life of around 8.25 years. This unhedged index was created in 1986. The Bloomberg Barclays US Municipal Bond Index covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice has an average life of around 12.8 years. The index is unhedged and rebalances monthly. The Bloomberg Barclays US Corporate High Yield Index measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986. The Barclays U.S. Government Bond Index is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multicurrency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973. The MSCI EAFE is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted. The MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The Shanghai Composite Index is a capitalization-weighted index that tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed with a base value of 100 on December 19, 1990. The Stoxx Europe 600 index is a subset of the Stoxx Global 1800 Index capitalization-weighted index of represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Poland, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.