Weekly
VANTAGE POINT

Nov 13-17, 2017 Recap

S&P 500 Slips for a Second Week

November 20, 2017 – U.S. stocks finished lower on Friday, as investors failed to follow-through on Thursday's outsized gains as nervousness about continued flattening of the Treasury yield curve overshadowed a stronger-than-forecast increase in housing starts. The spread between the 2- and 10-year Treasury yields reached their narrowest level in a decade, while housing starts surged 13.7% in October, hitting a one-year high. The S&P 500 and Dow Industrials both ended the week with slight losses, while the NASDAQ Composite edged higher. Retailers and smaller-sized companies' shares jumped after reported strong third quarter earnings. Meanwhile, tax reform remained the primary focus last week after the House voted 227-205 to pass sweeping tax reform measures, while the Senate is debating its own plan.

In other key economic data last week, the Labor Department announced October wholesale inflation prices rose higher than expected. For the past 12 months, wholesale inflation is up 2.8%, the highest level since February 2012. First time jobless claims rose by 10,000 to 249,000 last week but, on a brighter note, continuing claims by people already collecting unemployment benefits fell 44,000 to 1.86 million, the lowest level since December 1973. Lastly, the Institute of Supply Management (ISM) released a report showing that manufacturing growth expanded for a 14th consecutive month and is now consistent with pre-hurricane levels.

For the week, the S&P 500 and Dow Industrials both registered a second week of fractional losses, finishing with declines of 0.06% and 0.27%repectively. The NASDAQ Composite rose 0.54%, while small caps in the Russell 2000 Index outperformed, ending the week up 1.24%. Within the S&P 500, Energy (-3.18%) and Industrials (-0.97%) fell the most, while Consumer Discretionary (+1.31%) and Consumer Staples (+1.02%) performed best last week. U.S. crude oil prices slipped 0.33% snapping a string of five straight weekly gains. Gold futures rose 1.47% last week to end at $1,294.20/oz. The U.S. Dollar Index weakened for a second week, down 0.77% to finish on Friday at 93.662. Treasury prices advanced, sending the yield on 10-year Treasury bonds down 5.5 basis points to 2.344%.

What We're Reading

Tax Reform by Christmas? ↗

Oil Eases Ahead of OPEC Meeting ↗

Global Growth Outlook Improves ↗

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Week's Economic Calendar

Monday, Nov 20: Leading Economic Indicators;

Tuesday, Nov 21: Chicago Fed National Activity, Existing Home Sales;

Wednesday, Nov 22: Jobless Claims, Durable Goods (October), Consumer Sentiment;

Thursday, Nov 23: Thanksgiving Holiday, U.S. Markets Closed;

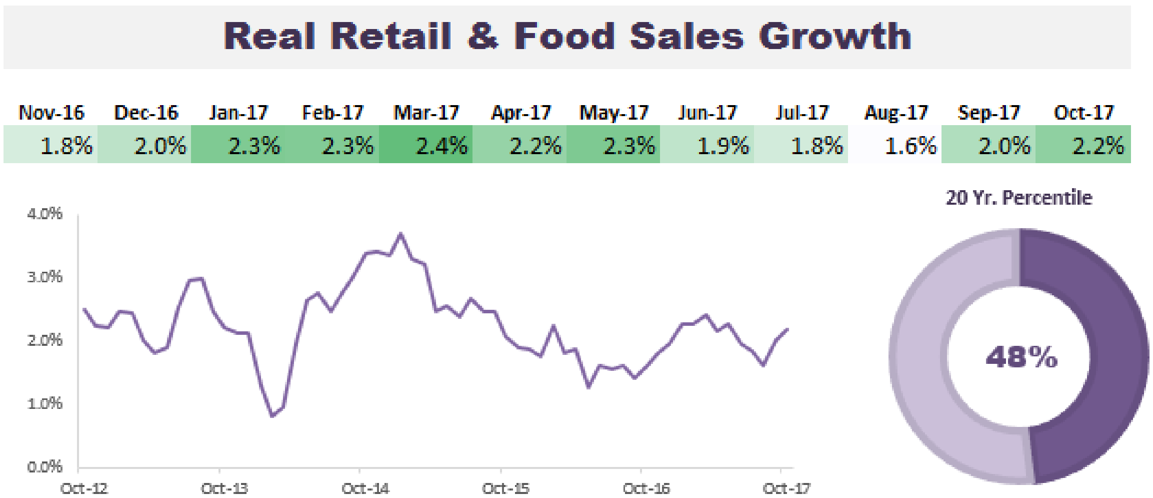
Friday, Nov 24: Markit Manufacturing PMI

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.27%	-0.08%	7.39%	18.19%	23.58%	9.79%
S&P 500	-0.06%	0.31%	6.65%	17.27%	20.34%	10.41%
NASDAQ Composite	0.54%	0.95%	9.30%	27.26%	28.60%	14.59%
Russell 3000	0.13%	0.27%	7.07%	16.72%	19.83%	10.24%
MSCI EAFE	-0.59%	-0.68%	3.63%	20.95%	24.92%	6.04%
MSCI Emerging Markets	0.72%	1.58%	7.23%	34.35%	37.19%	7.31%
Bonds						
Barclays Agg Bond	0.24%	0.00%	-0.01%	3.20%	2.97%	2.39%
Barclays Municipal	-0.14%	0.22%	0.32%	5.15%	4.89%	3.19%
Barclays US Corp High Yld	0.01%	-0.77%	1.10%	6.63%	9.32%	5.49%
Commodities						
Bloomberg Commodity	-0.57%	0.73%	5.23%	-0.07%	5.78%	-9.25%
S&P GSCI Crude Oil	-0.39%	4.28%	20.05%	5.57%	23.35%	-9.16%
S&P GSCI Gold	1.82%	2.39%	0.66%	12.95%	6.67%	3.18%

Chart of the Week:: Consumer Spending Continues to be Healthy

Chart 1



Source: Tower Square Investment Management, Federal Reserve Bank of St. Louis. Retail sales figures listed are the year-over-year change of the 3-month average.

Real retail and food sales growth is a measure of the total year-over-year change in retail and food sales adjusted for inflation using the Consumer Price Index. By neutralizing the impact of inflation, the year-over-year change in retail and food sales provides a better view into the strength of consumer spending because growth in this figure indicates stronger demand without the impact of rising prices. Historically speaking, real retail and food sales typically decline heading into recessions, and therefore a weaker reading is a concern for the economy.

As Chart 1 illustrates, the three-month average of real retail and food sales in October grew by 2.2% over the past 12 months, which is a healthy reading, and a signal that consumer spending has accelerated in recent months. Overall, consumer spending has been healthy this year - the most recent sales growth figure is higher than we have seen 48% of time over the last 20 years, and is consistent with our view for continued economic expansion.

This report is created by Tower Square Investment Management, LLC.

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Glossary

*The **Barclays U.S. Treasury: U.S. TIPS Index** includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.*

*The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman 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 one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly*

*The **Bloomberg Barclays U.S. Corporate (Investment Grade) Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-US private-sector industrial, utility and financial issuers. Certificates of deposit are also included. Launched in July 1973, securities included must be rated investment grade (Baa3/BBB-/BBB- or higher). Eligible senior and subordinated corporate securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 10.75 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, with history backfilled to July 1, 1983 and rebalances monthly.*

*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 pre-refunded bonds. Many of the subindicies of the Municipal Index have historical data to January 1980. In addition, several subindicies 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 the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly*

*The **Bloomberg U.S. Treasury Floating Rate Bond Index** is a rules-based, market value-weighted index engineered to measure the performance of floating rate U.S. Treasury bonds. The index inception date is January 31, 2014—the first month-end following the U.S. Treasury's issuance of a floating rate bond. Historical performance and characteristics are available from January 31, 2014, when floating rate notes were offered and first traded, the first new Treasury security since the introduction of Treasury-Inflation-Protected Securities (TIPS) in 1997.*

*The **Bloomberg Barclays US Convertible Bond > $500MM Index** is designed to represent the market of US convertible securities, such as convertible bonds, with outstanding issue sizes greater than $500 million.*

*The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.*

*The **CBOE Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. Introduced in 1993, the VIX Index has been considered by many to be the world's premier barometer of investor sentiment and market volatility.*

*The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.*

*The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The SMCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy , Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.*

*The **MSCI EAFE Index** 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 Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.*

*The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index*

*The **NASDAQ-100 Index** includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market based on market capitalization.*

*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 **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.*

*The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.*

***West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts*

*The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008*