

Global Overview

Global equity markets continued to push higher in November as optimism surrounding a trade deal contributed to returns for the second straight month. Global fixed income markets were broadly negative throughout the month due to a strengthening USD hurting international and emerging market sovereign bonds.

U.S. Markets & Economy

U.S. equity investors were rewarded in November as the S&P 500 Index continued to hit all-time highs, at one point closing at 3,154 before finishing the month at 3,141. Increased progress with Chinese trade negotiations, inflows into risk-assets, and an increase in consumer sentiment all contributed to strong equity market results as the holiday shopping season began to heat up. Third quarter GDP growth was revised upward to 2.1% from its initial rate of 1.9%, as the U.S. economy grew quarter-over-quarter better than initially reported. The PMI Manufacturing Index, a measure of expected expansion in manufacturing activities, has declined for four consecutive months primarily due to declining inventories and decreasing orders for new goods. U.S. manufacturers made up approximately 18% of the world's manufacturing output in 2018, the largest in the world. A survey conducted by Experian using nearly 1,200 consumers showed U.S. shoppers are expected to spend an average of \$1,649 this holiday season, 75% more than a year prior. Early reports from Black Friday sales (per Adobe Analytics) indicate consumers shattered last year's record for online purchases at over \$5.4 billion in goods, up 22% from 2018. Given the shorter holiday shopping season due to a late Thanksgiving, U.S. retailers, wholesalers, and shipping companies are expecting to add record levels of seasonal employees to combat the time crunch. The U.S. Treasury Yield curve moved in a parallel shift upwards during the month, with a 10-year U.S. Treasury Bond yielding 1.78% at the end of November – up from 1.69% to end October.

- The S&P 500 Index returned 3.6% in November. With the addition of this month's strong performance, the S&P 500 has returned 27.6% year-to-date. Small caps outperformed large caps with the Russell 2000 Index returning 4.1% in the month. The Russell Midcap Index is in line with the S&P 500 Index year-to-date.
- U.S. bond markets were relatively flat in the month with the Bloomberg Barclays U.S. Aggregate Index delivering a -0.1% return, while the ICE BofAML U.S. High Yield Index returned 0.3%.

International Markets & Economy

Developed non-U.S. equities gained ground in the month, as manufacturing weakness appears to have moderated from levels observed in prior months. The Bank of England voted to keep the base rate steady at 0.75% in early November. Emerging market equities continue to underperform developed markets, as many of the larger emerging market nations (China, India, Korea) have experienced a deceleration of growth. Although Chinese equity markets were broadly positive in November, economic weakness from both manufacturers and consumers has hindered stocks in many surrounding nations. Protests in Hong Kong took a more combative tone in November leading up to district council elections, in which democratic leaders emerged largely victorious against pro-Beijing candidates. While the recently elected officials are among the lowest ranking in Hong Kong, the increase in voter turnout and staunch victory for anti-communist candidates may further ignite a democratic movement against the Chinese central government.

- The MSCI EAFE Index (USD) gained 1.1% in November and is up 18.2% year-to-date. Both emerging market stocks (MSCI EM Index) and bonds (Bloomberg Barclays EM Hard Currency) lost 0.1% in the month.



In the News

- Weak U.S. manufacturing data has made news and moved markets over the last several months; however, the economy could also be experiencing a slowdown in the much larger, services sector. Exports of services were relatively flat in the first nine months of 2019, while imports rose 5.5% (per the WSJ and U.S. Commerce Department). The U.S. typically has a trade deficit on goods and runs a large surplus on services. U.S. exports of services to foreign economies, including medical care, higher education, finance/investments, technology, etc., are down nearly 10% from September 2018. Tensions between the U.S. and its trading partners, along with more cyclical factors like a strong dollar and increased foreign savings, have been impactful. Investors should be aware of the trends in both the manufacturing and services sectors, as they make up a very meaningful portion of U.S. GDP.
- The S&P 500's implied volatility registered its lowest monthly average since August 2018 as the VIX Index remained consistently low throughout November. The VIX Index is commonly used as a measure for expected uncertainty by market participants, with a low level indicating relatively smooth waters and a high level indicating major price swings could be looming. It should be noted that stocks hit new highs while the VIX Index touched on recent lows despite a very public presidential impeachment proceeding, wavering news on trade throughout the month, a growing central bank balance sheet, and many other company-specific events and large M&A news.
- UK citizens are set to elect new Members of Parliament on December 12th in a snap election called by Prime Minister Boris Johnson. The election was called in an attempt by Johnson and the incumbent Conservative Party to gain enough additional seats in Parliament to ensure a Brexit deal can be passed. A renegotiated deal, a hard Brexit, another referendum, and a no-deal scenario are all currently on the table. Investors will be keeping a keen eye on the UK and how the vote may impact markets before the January 21, 2020 deadline.

Economic Indicators

	GDP			Unemployment Rate	Interest Rates <i>Sovereign Bonds, 10 Year</i>	Exchange Rates <i>per US \$</i>		Inflation ² <i>(Most recently available)</i>
	Latest	2019 ¹	2020 ¹			Current	1 Year Ago	
United States	2.10	2.32	2.00	3.60	1.81	-	-	2.31
China	6.00	6.16	5.73	3.60	3.20	7.03	6.94	3.00
Japan	1.30	1.02	0.55	2.40	-0.15	109.47	113.42	0.20
United Kingdom	1.00	1.24	1.00	3.80	0.64	1.29	1.28	1.69
Euro Area	1.20	1.20	1.40	7.50	0.14	1.10	1.14	1.01
Germany	0.50	0.60	0.44	3.10	-0.47	1.10	1.14	1.24
France	1.30	1.31	1.20	8.40	-0.28	1.10	1.14	0.74
Italy	0.30	0.19	0.42	9.90	1.00	1.10	1.14	0.36
Canada	1.60	1.52	1.62	5.50	1.45	1.33	1.33	2.54
India	5.00	5.76	6.20	8.50	5.65	71.01	73.56	6.98
Mexico	-0.30	0.17	1.24	3.60	6.87	19.54	20.26	3.02
Brazil	1.00	0.83	1.67	11.80	4.48	4.23	3.85	2.89

Sources: (Most recently available data) Standard and Poor's, FTSE/Russell, Morgan Stanley Capital International (MSCI), Bloomberg, Citigroup, St. Louis Federal Reserve, The Conference Board, The Wall Street Journal, OECD, The World Bank, and *The Economist*

1. Euro Area data forecasted by The World Bank, all other forecasted data from OECD

2. In terms of CPI All Items

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Data and Commentary for Periods Ended 11/30/2019

November 2019

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Capital Markets Overview

	TRAILING			ANNUALIZED				
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	
Broad Market	MSCI World NR USD	2.79	7.64	23.96	14.53	12.35	7.75	9.34
	BBgBarc US Agg Bond TR USD	(0.05)	(0.28)	8.79	10.79	4.10	3.08	3.59
	Russell 3000 TR USD	3.80	7.90	27.34	15.49	14.22	10.61	13.41
	DJ Industrial Average TR USD	4.11	6.87	23.05	12.48	16.32	12.20	13.30
	NASDAQ Composite PR USD	4.50	8.82	30.60	18.21	17.63	12.58	14.99
	MSCI EAFE NR USD	1.13	7.76	18.17	12.44	9.62	4.26	5.32
	FTSE Treasury Bill 3 Mon USD	0.15	0.49	2.11	2.31	1.61	1.02	0.54
	Bloomberg Commodity TR USD	(2.56)	0.58	2.52	(4.54)	(1.97)	(6.36)	(5.01)
Domestic Equities	S&P 500 TR USD	3.63	7.86	27.63	16.11	14.88	10.98	13.44
	S&P MidCap 400 TR	2.98	7.33	22.75	8.86	9.04	8.60	13.10
	S&P SmallCap 600 TR USD	3.06	8.58	19.22	4.83	8.49	9.53	13.96
	Russell 1000 TR USD	3.78	7.82	27.74	16.10	14.67	10.80	13.49
	Russell 1000 Growth TR USD	4.44	7.39	32.40	21.01	19.79	13.71	15.23
	Russell 1000 Value TR USD	3.09	8.26	23.15	11.33	9.59	7.83	11.69
	Russell Mid Cap TR USD	3.57	6.72	27.61	14.96	11.63	8.88	13.56
	Russell Mid Cap Growth TR USD	4.98	5.70	33.90	21.75	17.04	11.28	14.79
	Russell Mid Cap Value TR USD	2.67	7.41	23.31	10.37	7.65	7.13	12.65
	Russell 2000 TR USD	4.12	9.08	22.01	7.51	8.57	8.22	12.38
	Russell 2000 Growth TR USD	5.89	8.01	25.61	10.93	12.15	9.48	13.68
	Russell 2000 Value TR USD	2.34	10.20	18.25	3.96	4.98	6.83	10.99
International Equities	MSCI ACWI Ex USA NR USD	0.88	7.09	16.47	11.20	9.24	3.85	4.74
	MSCI EAFE NR USD	1.13	7.76	18.17	12.44	9.62	4.26	5.32
	MSCI EAFE Growth NR USD	1.80	6.64	24.35	18.36	12.60	6.35	6.86
	MSCI EAFE Value NR USD	0.40	9.04	12.00	6.52	6.62	2.09	3.70
	MSCI Japan NR USD	0.56	9.70	17.17	9.34	8.52	6.95	6.45
	MSCI AC Asia Ex Japan NR USD	0.25	6.55	10.80	7.79	9.61	4.74	5.80
	MSCI Europe NR USD	1.49	7.60	19.12	13.62	10.23	3.34	4.92
	MSCI United Kingdom NR USD	1.71	8.92	15.12	10.76	7.97	1.66	4.79
	MSCI EAFE Small Cap NR USD	2.21	9.86	19.73	12.01	10.39	7.81	8.36
	MSCI EM NR USD	(0.14)	6.06	10.20	7.28	9.01	3.12	3.33
Fixed Income	BBgBarc US Govt/Credit TR USD	(0.09)	(0.57)	9.93	11.97	4.49	3.29	3.79
	BBgBarc US Govt/Credit Interm TR USD	(0.15)	(0.12)	6.67	8.09	3.22	2.48	2.89
	BBgBarc US Govt/Credit Long TR USD	0.08	(1.89)	20.96	25.44	8.74	6.00	7.35
	ICE BofAML US High Yield TR USD	0.27	0.82	12.07	9.61	6.28	5.38	7.61
	Credit Suisse HY USD	0.33	0.75	11.64	9.09	5.98	5.21	7.42
	S&P/LSTA Leveraged Loan TR	0.59	0.60	6.94	4.21	4.20	3.85	5.15
	FTSE WGBI NonUS USD	(1.71)	(2.47)	4.45	7.11	3.87	1.50	0.68
	BBgBarc Gbl Agg Ex USD TR	(1.36)	(1.83)	3.96	6.26	3.65	1.16	0.85
REITs	FTSE Nareit All REITs TR	(1.35)	1.89	27.08	17.26	11.54	8.52	13.08
	Wilshire US REIT TR USD	(1.46)	2.29	26.62	16.02	9.60	7.41	12.77

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

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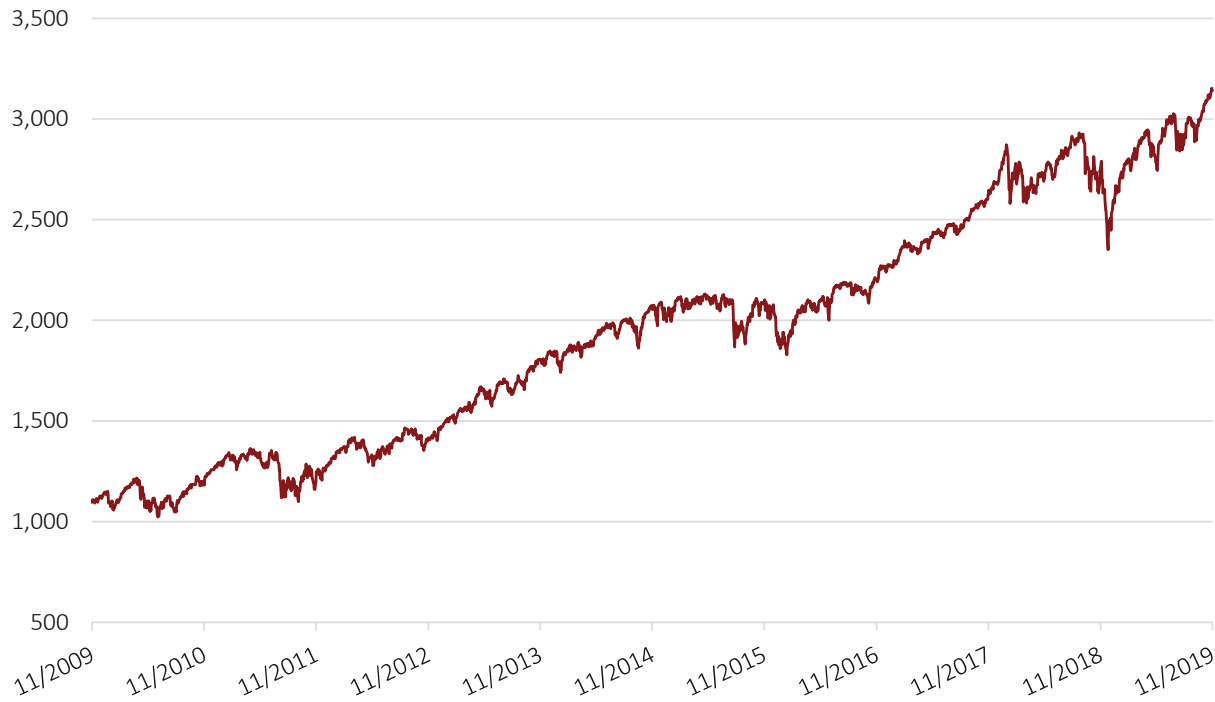
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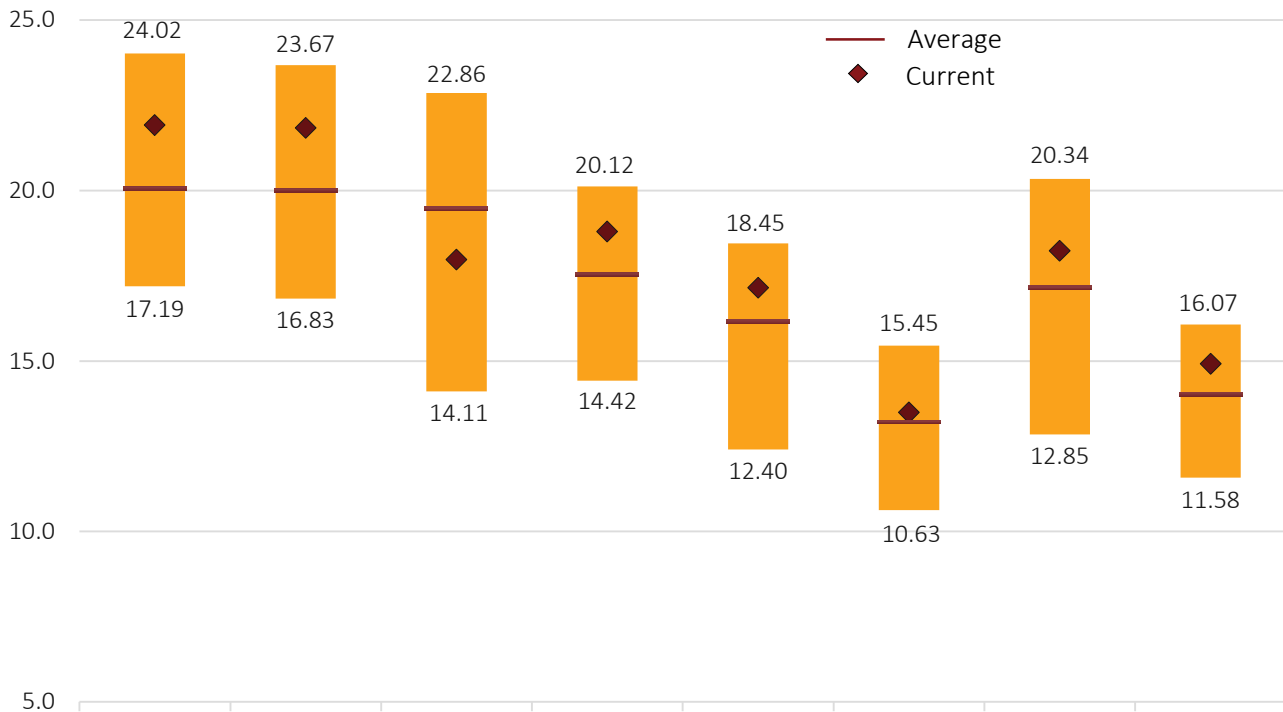
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S&P 500 Price Level



Source: Standard & Poors

Current P/E vs. Trailing 5-Year High, Low, Average

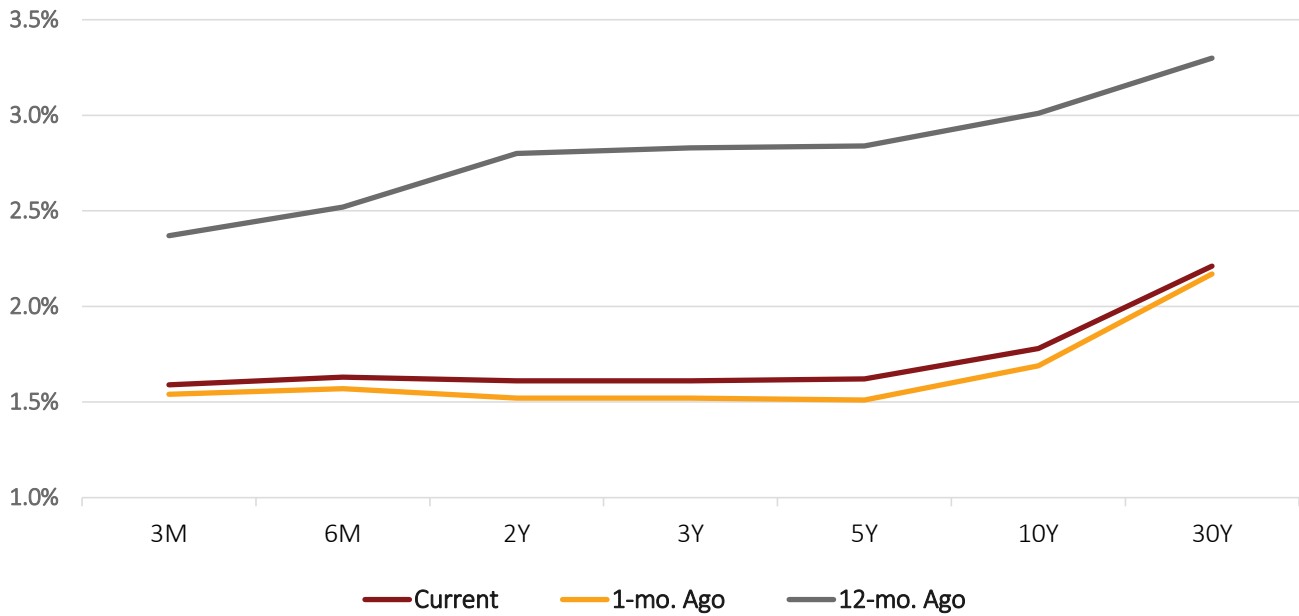


	S&P 500	Russell 1000	Russell 2000	MSCI AC World	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Month	Jan-18	Jan-18	Nov-17	Jan-18	May-17	Jan-18	Mar-17	Jul-17
Low Month	Dec-18	Dec-18	Dec-18	Dec-18	Dec-18	Oct-15	Dec-18	Dec-18

Source: Standard & Poors, FTSE/Russell, MSCI

U.S. Treasury Yield Curves

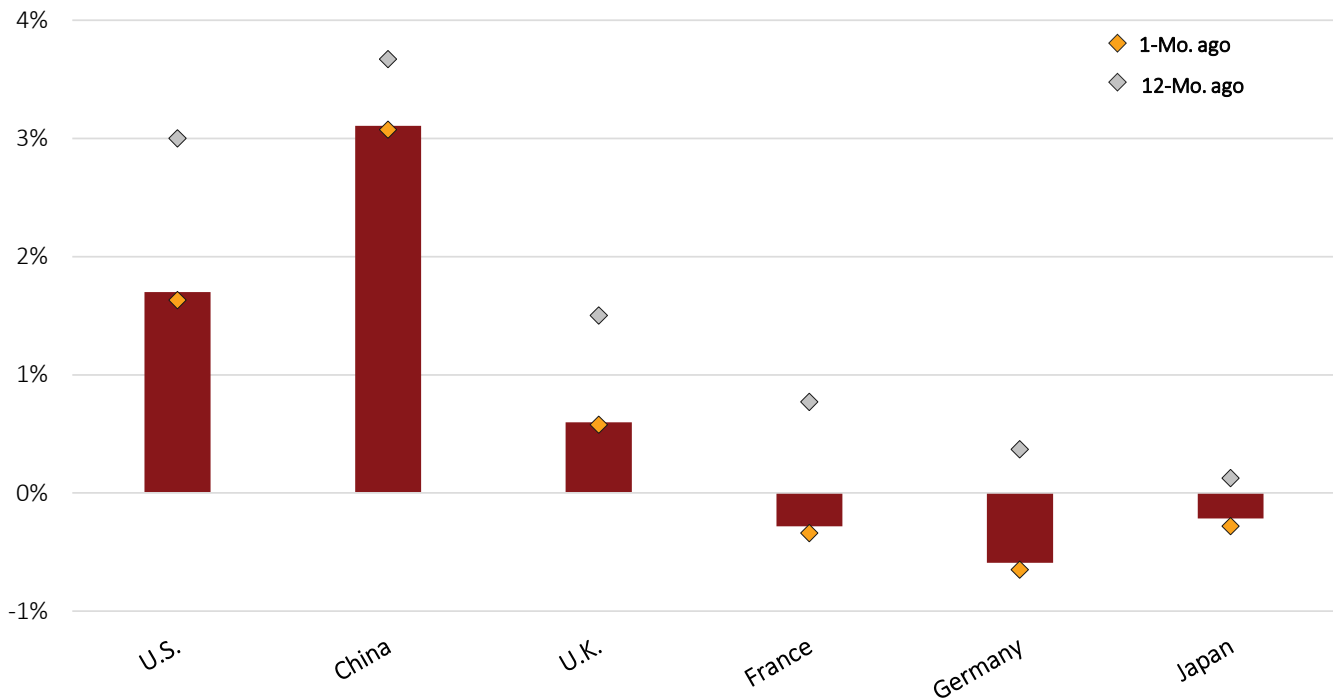
as of 11/30/2019



Source: Federal Reserve Bank of St. Louis

10-Year Sovereign Yields

as of 9/30/2019 (most recently available)



Source: Federal Reserve Bank of St. Louis, Wall Street Journal

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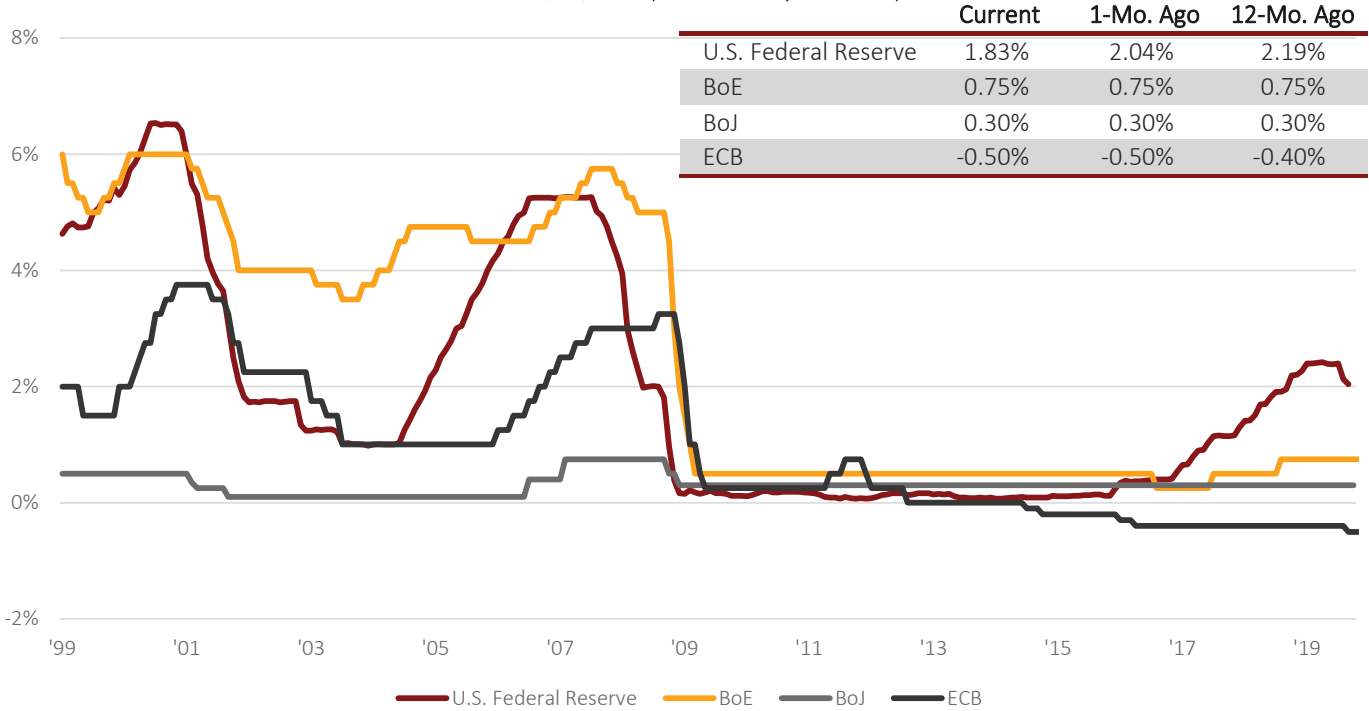
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Central Bank Policy Rates

as of 10/31/2019 (most recently available)



Source: Federal Reserve Bank, Bank of England, European Central Bank

Corporate Bond Average Spread (bps)

