

# The Market Week in Review

For Week Ending December 3, 2016

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## THE MARKETS

All four of the major averages set new all-time highs mid-week, but by the week's end all but the Dow closed lower, suggesting the Trump election euphoria has started to cool a bit. Bond yields, however, continued to rise and the 10 Year Treasury Note maxed out a hair shy of 2.50% before finishing the week a tad bit lower. Oil prices spiked on news that OPEC agreed to cut its production by 1.2 million barrels a day, contingent on other countries such as Russia also reducing their output. The cuts are slated to begin on January 1<sup>st</sup>. U.S. benchmark crude closed the week near \$52 a barrel. Gold prices held flat for the week around \$1,180 an ounce.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	19,152.14	19,170.42	18.28	0.10%	10.02%
Nasdaq	5,398.92	5,255.65	-143.27	-2.65%	4.96%
S&P 500	2,213.35	2,191.95	-21.40	-0.97%	7.24%
Russell 2000	1,347.20	1,314.25	-32.95	-2.45%	15.70%

## DAILY DEVELOPMENTS

### MONDAY

There was no major economic news on Monday.

### TUESDAY

The Commerce Department reported on Tuesday that our nation's gross domestic product grew at a 3.2% annualized clip in the third quarter of 2016. This was the second estimate of the metric, and it rose three tenths from the advance estimate. Personal consumption expenditures rose seven tenths to a 2.8% rate for the best showing in over a year. Inventories declined, which held back the headline reading, but that suggests productivity will increase in the fourth quarter.

### WEDNESDAY

The U.S. is seeing modest to moderate growth in most regions of the country according to the Federal Reserve's most recent so called "Beige Book" which was issued on Wednesday. A majority of districts reported higher retail sales, especially for apparel and furniture. Single family housing construction starts were higher in a majority of districts, and activity in non-residential real estate expanded in many districts, while new motor sales declined. The report also noted that employment "continued to expand", and the wage growth was "modest".

The National Association of Realtors said Wednesday that its seasonally adjusted pending home sales index rose 0.1 percent to 110. Pending sales improved in the Northeast, Midwest and West, while falling in the South. Over the past 12 months, sales of existing homes have climbed 5.9% to an annual rate of 5.6 million. Sales listings have fallen 4.3% over the past year to 2.02 million homes. The shortage has pushed up the median sales price of existing homes 6% from a year ago to \$232,200.

Also on Wednesday the Commerce Department announced that consumer spending, which accounts for about 70% of U.S. economic activity, increased 0.3% after an upwardly revised 0.7% gain in September. With consumer spending firming, inflation continued to gain steadily. The personal consumption expenditures (PCE) price index rose 0.2% after a similar increase in September.

### THURSDAY

Jobless claims increased by 17,000 to 268,000 in the week that ended November 26<sup>th</sup> and included Thanksgiving according to statistics released by the Labor Department on Thursday. The four week average, a less volatile measure, was little changed at 251,500.

The Institute for Supply Management reported that its purchasing managers index climbed to 53.2 in November from 51.9 in October, with a reading above 50 indicating growth in the manufacturing sector. Economists had expected the index to inch up to 52.3.

Outlays for U.S. construction projects rose 0.5% in October, the Commerce Department reported Thursday. Spending in October was 3.4% higher than in October a year ago, and spending in the first 10 months of the year was 4.5% higher than the same period last year. Upward revisions to the two prior months and the report overall was strong enough to prompt some economists to upgrade expectations for fourth quarter GDP.

**FRIDAY**

178,000 nonfarm jobs were created in the month of November, according to the Bureau of Labor Statistics. The unemployment rate fell three tenths to 4.6% which is the lowest rate since August 2007, although that drop is being attributed primarily to a decline in the labor force participation rate, which fell a tenth to 62.7%. Hourly wages also declined by 0.1% during the month.

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**TIDBITS**

This week president-elect Trump was charged with saving 1,100 jobs at a Carrier furnace production plant in Indiana from being outsourced to Mexico. An offer to save the company \$7 million in taxes over a 10 year period sparked company executives to pull the plug on plans to move operations to an already-built plant in Mexico.

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**QUOTE OF THE WEEK**

“I would rather be positioned as a petrified bull rather than a penniless bear.”

- John L. Pearson

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We hope you have found the information in this week’s market summary informative. If you would like to comment on any of the information found in this week’s Market Week in Review please email us at [firm@estatecounselors.com](mailto:firm@estatecounselors.com). If you would like to discuss how current market conditions could impact your investments, please feel free to call us at the number listed below.

Best regards,

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