

# The Market Week in Review

For Week Ending November 12, 2016

## THE MARKETS

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In a week of light economic data, markets were propelled by Donald Trump's election as the 45<sup>th</sup> president of the United States. Money poured into the stock market and fled out of the bond market in response to predictions that Trump's policies will lead to a boost in both government spending deficits and ultimately inflation. More than \$1 trillion in value was erased from the bond markets around the world, while the Dow Jones posted its best week since 2011 and the small cap Russell 2000 rebounded over 10%. Financial stocks led the rally, reaching their highest level in eight years. Meanwhile the 10 Year Treasury Note broke above 2% to ultimately settle at 2.12%. After rallying to nearly \$1,340 an ounce mid-week, gold prices plummeted \$1,220 by Friday's close.

Index	Started Week	Ended Week	Change	% Change	YTD %
DJIA	17,888.28	18,847.66	959.38	5.36%	8.16%
Nasdaq	5,046.37	5,237.11	190.74	3.78%	4.59%
S&P 500	2,085.18	2,164.45	79.27	3.80%	5.90%
Russell 2000	1,163.44	1,282.38	118.94	10.22%	12.90%

## DAILY DEVELOPMENTS

### MONDAY

The Labor Market Conditions Index rose to 0.7 in October from the prior -0.1 reading in September. This is only the third positive reading so far this year. The prior reading was revised to -0.1 to reflect higher average hourly earnings. The unemployment rate declined a tenth to 4.9.

**TUESDAY**

The National Federation of Independent Business' Small Business Optimism Index rose in October to 94.9 from the prior 94.1 reading, slightly exceeding expectations. Of the 10 components of the index, five posted gains, three posted losses, and two remained unchanged. The largest contributor to the rise in the index was owners' plans to increase inventories which rose nine points from September. Capital outlays remained strong at 27%.

The Labor Department's Job Openings and Labor Turnover report for September was also released on Tuesday. It showed job openings rose to 5.486 million from the prior 5.453 reading in August, showing that employers are having a hard time filling their job openings. At the same time workers are not leaving their current employers with the rate unchanged from last month at 2.1%. Although employers are hiring less, these numbers confirm the worries that wage inflation may be approaching.

**WEDNESDAY**

U.S. wholesale inventories in September rose slightly less than previously reported, the Commerce Department said on Wednesday. Inventories edged up 0.1 percent during the month, the Department said. The component of wholesale inventories that goes into the calculation of GDP - wholesale stocks excluding autos - increased 0.4 percent in September while sales at wholesaler level rose 0.2 percent. Inventory investment added 0.61 percentage points to economic growth in the third quarter after having dragged heavily on growth in the April-June period.

**THURSDAY**

Recently jobless claims have been tracking at historic lows and pointing to healthy conditions in the labor market. The month of November continued this trend as initial claims for the month fell by 11,000 to 254,000 for the November 5<sup>th</sup> week. Continuing claims in lagging data for the October 29<sup>th</sup> week also dropped and are now at a 2.04 million level. This week's report has no special factors and points to steady strength in the labor market.

**FRIDAY**

The University of Michigan's consumer sentiment index is up more than four points for the month of November to 91.6, the highest it has been since June of this year. The gain was mostly concentrated in the expectations component which is up six points to 82.5, and the current conditions component is up three points to 105.9. These numbers hint that consumer spending has strengthened. The data for this November consumer sentiment index was compiled prior to the November 8<sup>th</sup> presidential election.

## TIDBITS

The Dow Jones finished up 257 points at market close on Wednesday after tumbling 800 points in late-night futures trading the night before when Donald Trump increased his lead on Hilary Clinton in the presidential election.

## QUOTE OF THE WEEK

"Any American who is prepared to run for president should automatically, by definition, be disqualified from ever doing so."

- Gore Vidal

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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