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FINANCIAL MARKET UPDATE
11/2/18

THE WEEK IN REVIEW

Global equities rebounded this week helped by a batch of corporate earnings results which were positive in aggregate and reports late in the week that the Trump administration was drafting a possible trade deal with China. The S&P 500 increased 2.4% while the Dow Jones Industrial Average added 582 points on the week to also advance 2.4%. Yields on the benchmark U.S. 10-year Treasury increased 0.14% to close Friday at 3.22%, following the release of strong consumer confidence, payrolls and wage gains data throughout the week. Market interest rates have moved higher in recent months as investors have speculated the Federal Reserve will continue on its current rate-hike trajectory given the consistent stretch of solid economic data. U.S. crude oil prices sunk approximately 7.0% to close near $63 per barrel on the week to touch six-month lows amid U.S. exemptions on Iranian oil imports for several allies and signs of building global inventories.

The third quarter earnings season continued this week with notable reports from Apple, ExxonMobil, Starbucks, Facebook, General Electric, The Coca-Cola Co. and General Motors. Of the 350 S&P 500 companies which have reported results thus far during the period October 1 to December 31, 61% have exceeded sales expectations, while 82% have beat earnings per share (EPS) expectations. Year-over-year sales and EPS growth for the S&P 500 companies which have reported thus far are 8.5% and 23.7% respectively, according to Bloomberg data. Looking forward to next week, several high profile companies scheduled to report quarterly results include online travel agencies Booking.com and Expedia.com, pharmaceutical giant Eli Lilly, pharmacy health provider CVS Health and smartphone chip-maker Qualcomm.

The October non-farm payrolls report was released Friday, indicating 250,000 new jobs were added to the U.S. economy for the month, above the 200,000 median estimate of economists surveyed by Bloomberg. Wages increased at the fastest pace in nine years, up 0.2% to an annualized rate of 3.1%. Unemployment remained at a 48-year low of 3.7%. Overall, the labor market appears healthy; the economy continues to add jobs, wage growth continues to edge higher, and unemployment remains at historically low levels. The economy does not yet suggest overheating or inflation concerns, and will likely keep the Fed on a gradual rate hike path.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Non-Farm Payrolls (Thousands)	250	165	▲
ISM Manufacturing	57.7	58.1	▼
Conf. Board Consumer Confidence	138	128	▲
Unemployment Rate	3.7%	3.9%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	25270.83	2.36%	2.23%	7.46%
NASDAQ	7357.00	2.65%	6.57%	9.56%
S&P 500 Large Cap	2723.06	2.42%	1.85%	5.55%
MSCI EAFE	1826.25	2.73%	-10.95%	-9.31%
Barclays Aggregate US	1999.40	-0.37%	-2.30%	-2.10%

KEY BOND RATES	CURRENT	1WK AGO	1MO AGO	1YR AGO
3-Month T-Bill	2.31%	2.32%	2.21%	1.16%
10-Year Treasury	3.22%	3.08%	3.06%	2.35%

REPORTS DUE NEXT WEEK	LATEST
Initial Jobless Claims (Thousands)	214
ISM Non-Manufacturing	61.6
U. of Mich. Consumer Sentiment	98.6

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.