

# WEEKLY VANTAGE POINT

December 2-6, 2019

## Economic Calendar

### Monday, December 9

No Major Releases;

### Tuesday, December 10

Small Business Optimism,  
Worker Productivity & Labor  
Costs;

### Wednesday, December 11

Consumer Prices, FOMC  
Rate & Policy Decisions;

### Thursday, December 12

Jobless Claims, Producer  
Prices;

### Friday, December 13

Import/Export Prices, Retail  
Sales, Business Inventories.

## What We're Reading

[China's Exports Fall](#)

[Consumer Credit Jumps](#)

[UK Brexit Elections](#)

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## Goldilocks Payrolls Revive Equities

### Stocks Bounce Back

U.S. stocks advanced on Friday after a strong November jobs report bolstered investor confidence in the overall economy. The report helped pare declines set earlier last week when President Trump suggested he has no absolute deadline for a trade deal with China. Meanwhile, service sector activity is expanding and consumer sentiment is returning back toward the best levels of the expansion.

### Weekly Performance

For the week, the S&P 500 gained 0.21%, while the Dow Industrials fell by 0.13% and the Nasdaq Composite slipped 0.08%. The S&P 500 ended the week up 27.9% this year (including dividends) and closed within eight points of its recent all-time high.

### Jobs Growth Soars

November U.S. payrolls rose by 266,000, the most since January, widely surpassing forecasts for 180,000. Revisions over the prior two months added a further 41,000 new jobs. Moreover, the unemployment rate fell from 3.6% to 3.5%, matching the lowest since 1969. Average hourly earnings rose 3.1% from a year ago, topping forecasts.

### Energy Performs Best

Seven of the 11 major sectors posted gains last week, led by Energy (+1.60%), Consumer Staples (+1.05%), and Healthcare (+0.94%). Industrials (-1.07%), Consumer Discretionary (-0.70%), and Technology (-0.38%) lagged.

### Treasuries Ease on Jobs Relief

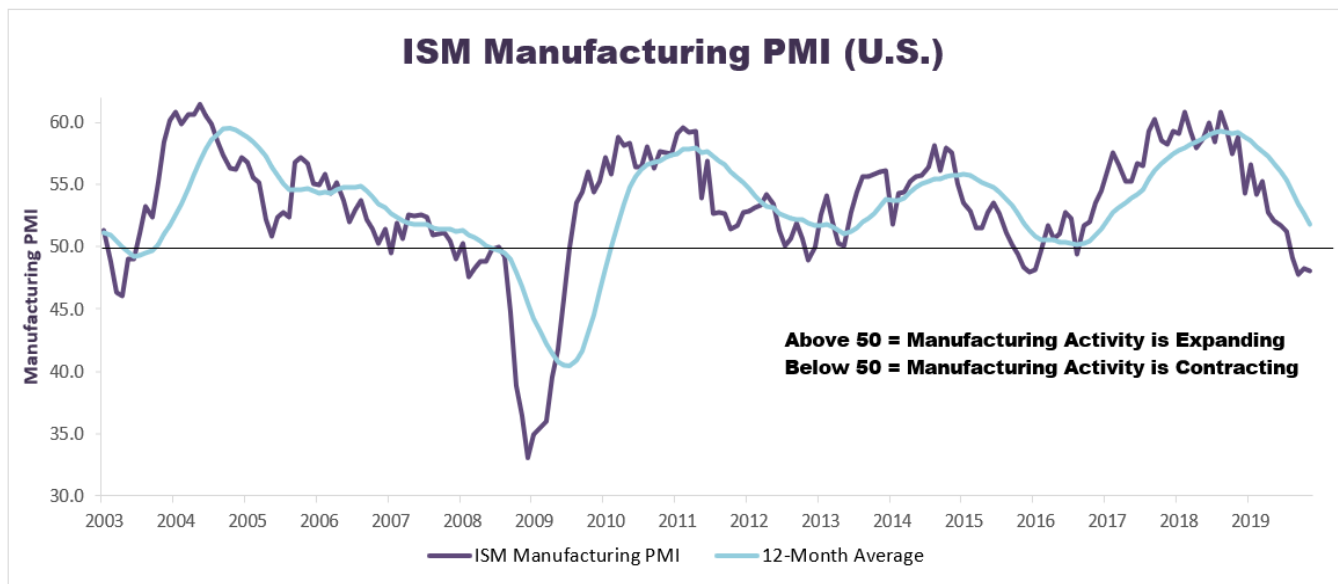
U.S. Treasury prices declined last week as investors rotated out of safe-haven assets, sending yields higher. The yield on benchmark 10-year notes climbed 6.1 basis points to finish the week at 1.84%, while shorter-term two-year notes ended at 1.62%. For the week, the U.S. Dollar Index fell 0.58%, nearing a one-month low, while WTI crude oil surged 7.3% to \$59.20/barrel as OPEC+ nations agreed to further reduce their production limits.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.13	-0.13	4.54	20.09	12.30	13.33
S&P 500	0.21	0.21	6.14	27.90	19.09	14.73
NASDAQ Composite	-0.08	-0.08	7.12	31.81	21.77	18.82
Russell 3000	0.17	0.17	6.29	27.56	18.49	13.98
MSCI EAFE	0.37	0.37	5.81	18.62	16.14	9.24
MSCI Emerging Markets	0.88	0.88	4.45	11.17	9.96	9.39
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	-0.22	-0.22	-0.35	8.55	9.82	4.06
Barclays Municipal	0.03	0.03	-0.19	7.24	7.78	4.96
Barclays US Corp High Yield	0.35	0.35	1.05	12.48	10.45	6.23
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.49	1.49	0.89	4.05	-2.81	-2.25
S&P GSCI Crude Oil	7.27	7.27	4.71	30.32	14.95	5.14
S&P GSCI Gold	-0.52	-0.52	-3.33	14.34	17.82	7.79

Source: Morningstar

## Chart of the Week: Manufacturing Contracts a Fourth Month



Source: Cetera Investment Management, YCharts, Institute for Supply Management. Data as of 11/30/2019 .

The Institute for Supply Management (ISM) Manufacturing purchasing managers' index (PMI) fell to 48.1 in November from 48.3 in October. With readings below 50 signaling contraction, it was the fourth-straight month of contracting manufacturing in the U.S. The new orders index, which is a leading indicator for manufacturing activity, fell to a 10-year low of 47.2 in November. However, there are signs that manufacturing could begin to strengthen. The global manufacturing PMI climbed into expansion territory for the first time since April.

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### **Glossary**

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 **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.

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 **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. It includes approximately 800 of the smallest companies in the Russell 1000 Index, 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 Index.

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

The **MSCI All-Country World 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 MSCI 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 **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

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 **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

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

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.

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.