Weekly Update

Jobless Claims Jilted

As of October 20, 2017

Member FINRA/SIPC,
a registered investment advisor

The Economy

- Initial jobless claims fell by 22,000 to 222,000, the lowest level since 1973, in the week ending October 14; claims from hurricane-affected Florida and Texas continued to decline. The more-stable four-week moving average slid by 9,500 to 248,250. Continuing claims eased by 16,000 to 1.89 million in the week ending October 7. Layoffs are expected to remain low while employers deal with a shortage of available skilled labor.
- Import prices increased by 0.7% in September, the biggest monthly advance in more than a year, mostly due to higher food and fuel costs. Year-over-year growth climbed by 2.7%,, as underlying inflation continued to rebound on weakness in the U.S. dollar. Export prices advanced by 0.8% in September, bringing the year-over-year gain to 2.9%.
- The latest Federal Reserve (Fed) Beige Book pointed to an ongoing modest economic expansion, despite recent hurricane-related disruptions.
- Industrial production rose by a better-than-expected 0.3% in September as the impact of recent hurricanes dissipated.
- The Philadelphia Fed Survey showed that regional manufacturing growth accelerated during October; workforce measurements had historically strong readings, indicating optimism about growth in future manufacturing activity.
- Housing starts dropped by a worse-than-expected 4.7% in September, as homebuilders remained challenged by a shortage of labor and rising materials prices. Instability in the multifamily home segment offset a pickup in single-family home construction.
- Existing-home sales rebounded by 0.7% in September to an annualized rate of 5.39 million; analysts nevertheless suggested a still-limited supply of affordable housing.
- Mortgage-purchase applications moved 4% higher in the week ending October 13 as rates eased. Refinancing activity (which is hypersensitive to even small rate moves) grew by 3% in the same period.
- Consumer prices in the eurozone rose by 0.4% in September, driven by increased fuel costs; the year-over-year inflation rate was 1.5%, as estimated in an earlier flash report.
- U.K. consumer inflation dipped to 0.3% in September, with gains in transport costs and food prices offsetting a decline in clothing. The year-over-year rate inched up to 3.0%, adding to pressure on the Bank of England to raise rates at its next meeting.
- China's gross domestic product expanded by 1.7% in the third quarter and by 6.8% year over year. A combination of construction, retail sales and industrial production helped drive growth.
- Japan's merchandise trade surplus grew to ¥670 billion in September from a revised ¥113 billion in August. Imports climbed by 12.0%, while exports jumped by 14.1%.

U.S. Economic Calendar

- October 24: PMI Composite Flash
- October 25: Mortgage Applications, Durable Goods Orders, New Home Sales
- October 26: Jobless Claims, International Trade, Pending Home Sales
- October 27: GDP, Consumer Sentiment

Stocks

- Global equities were mixed this week. Developed markets outperformed emerging markets.
- U.S. equity sectors were mostly positive. Financials and healthcare were the top performers, while consumer staples and energy lagged. Value stocks had a slight edge over growth stocks and large-company stocks beat small-company stocks.

Bonds

- Global bond markets eased lower this week. High-yield bonds outperformed, followed by corporate bonds. Global government bonds lagged.
- U.S. Treasury yields rose as expectations increased for the return of "Trumpflation" after the U.S. Senate approved a budget plan that may pave the way for tax reform.

The Numbers as of October 20, 2017	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI ($)	0.1%	17.5%	19.7%	495.8
MSCI EAFE ($)	0.1%	19.1%	19.4%	2006.0
MSCI Emerging Mkts ($)	-0.8%	29.5%	22.3%	1116.9
US & Canadian Equities				
Dow Jones Industrials ($)	2.0%	18.0%	28.4%	23328.6
S&P 500 ($)	0.9%	15.0%	20.3%	2575.2
NASDAQ ($)	0.4%	23.1%	26.5%	6629.1
S&P/ TSX Composite (C$)	0.3%	3.7%	6.8%	15853.3
UK & European Equities				
FTSE All-Share (£)	-0.2%	6.6%	8.2%	4127.9
MSCI Europe ex UK (€)	-0.2%	12.0%	17.0%	1356.4
Asian Equities				
Topix (¥)	1.3%	14.0%	26.3%	1730.6
Hong Kong Hang Seng ($)	0.0%	29.5%	21.9%	28487.2
MSCI Asia Pac. Ex-Japan ($)	-0.3%	28.6%	21.6%	548.6
Latin American Equities				
MSCI EMF Latin America ($)	-0.7%	25.9%	13.8%	2946.2
Mexican Bolsa (peso)	0.0%	9.5%	3.5%	49966.0
Brazilian Bovespa (real)	-0.7%	27.0%	19.8%	76461.7
Commodities ($)				
West Texas Intermediate Spot	0.0%	-4.2%	2.1%	51.5
Gold Spot Price	-1.6%	11.1%	1.1%	1280.5
Global Bond Indices ($)				
Barclays Global Aggregate ($)	-0.1%	6.6%	1.2%	480.9
JPMorgan Emerging Mkt Bond	0.2%	9.2%	5.1%	807.3
10-Year Yield Change (basis points*)				
US Treasury	11	-6	63	2.38%
UK Gilt	-4	10	26	1.33%
German Bund	5	25	45	0.45%
Japan Govt Bond	1	3	14	0.08%
Canada Govt Bond	-1	31	86	2.03%
Currency Returns**				
US$ per euro	-0.4%	12.0%	7.8%	1.178
Yen per US$	1.5%	-3.0%	9.2%	113.47
US$ per £	-0.7%	6.9%	7.6%	1.319
C$ per US$	1.2%	-6.1%	-4.6%	1.262

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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