Weekly Update
Flat Fall for September Hiring
As of November 10, 2017

BPU INVESTMENT MANAGEMENT INC.

Member FINRA/SIPC,
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The Economy

- Job openings (a measure of labor demand) remained at a historically strong 6.09 million in September, according to the Department of Labor's Job Openings and Labor Turnover Survey. Hires were flat at 5.3 million as employers continued to struggle with finding qualified staff at competitive wages. A lack of skilled employees (who require higher pay) may provide further impetus for the Federal Reserve (Fed) to keep a December rate hike on the table.
- Outstanding consumer credit (which measures non-mortgage debt) accelerated by 6.6% in September, the fastest pace in 10 months, after expanding by 4.2% in August. Revolving credit reached a four-month high, indicating confidence in near-term consumer spending—but also suggesting a lack of sustainability in consumer spending as debt burdens increase.
- Same-store sales growth slowed to 2.6% in the week ending November 4 from 3.6% in the previous week, according to Redbook (a weekly measure of comparable chain-store sales), pointing to a possible slowdown in retail sales.
- Mortgage-purchase applications edged 1% higher in the week ending November 3 as rates moderated. Despite the decrease in rates, refinancing activity (which usually increases when rates fall) declined by 1% in the same period.
- Initial jobless claims rose by 10,000 to 239,000 in the week ending November 4. The less-volatile four-week moving average eased by 1,250 to 231,250, a 44-year low. Continuing claims grew by 17,000 to 1.90 million in the week ending October 28. The report continued to show a robust labor market near full employment.
- The preliminary November estimate of the University of Michigan's consumer sentiment index came in lower than the previous month (particularly within current conditions and consumer expectations), but remained at the second-highest level since January.
- Eurozone producer prices expanded by 0.6% in September, driven by higher costs for energy and intermediate goods. Year-over-year prices expanded by 2.9%—a four-month high. Producer-price changes typically correlate with movements in consumer inflation.
- Industrial production in the U.K. exceeded expectations in September. Output grew by 0.7%, the best performance since December 2016. Annual growth expanded to a seven-month high of 2.5%. Manufacturing output also jumped, by 2.7% year-over-year, led by coke and petroleum products. Total industrial production climbed by 2.2% in the month, thanks to mining and quarrying.
- Consumer prices in China increased by 1.9% from a year ago in October. Producer prices held steady at 6.9% in the same period.
- Japan's purchasing managers index composite showed accelerated expansion in October, as improvements in service-sector activity were mitigated by weaker manufacturing activity.

U.S. Economic Calendar

- November 14: Producer Prices
- November 15: Mortgage Applications, Consumer Prices
- November 16: Jobless Claims, Philly Fed, Import and Export Prices, Industrial Production
- November 17: Housing Starts

Stocks

- Global equities were mixed this week. Emerging markets led developed markets.
- U.S. equities slipped for the first time in eight weeks. Consumer staples and energy led, while telecommunications and financials lagged. Growth stocks outperformed value stocks and large-company stocks beat small-company stocks.

Bonds

- Global bond markets were mostly down this week. Global government bonds outperformed, while corporate bonds and high-yield bonds lagged.
- U.S. Treasury yields rose as investors kept focus on the Republican Senate's proposed tax-reform bill, which was revealed on Thursday.

The Numbers as of November 10, 2017	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI ($)	-0.1%	18.2%	21.1%	498.6
MSCI EAFE ($)	-0.3%	18.9%	21.7%	2002.5
MSCI Emerging Mkts ($)	0.7%	31.5%	29.5%	1133.8
US & Canadian Equities				
Dow Jones Industrials ($)	-0.5%	18.5%	24.5%	23422.2
S&P 500 ($)	-0.2%	15.3%	19.1%	2582.3
NASDAQ ($)	-0.2%	25.4%	29.6%	6750.9
S&P/ TSX Composite (C$)	0.1%	4.9%	8.8%	16039.3
UK & European Equities				
FTSE All-Share (£)	-1.8%	5.4%	9.9%	4084.1
MSCI Europe ex UK (€)	-1.7%	12.4%	19.7%	1360.4
Asian Equities				
Topix (¥)	0.4%	18.6%	30.8%	1800.4
Hong Kong Hang Seng ($)	1.8%	32.4%	27.5%	29120.9
MSCI Asia Pac. Ex-Japan ($)	0.9%	31.6%	28.2%	561.5
Latin American Equities				
MSCI EMF Latin America ($)	0.5%	19.0%	20.0%	2785.8
Mexican Bolsa (peso)	-1.1%	5.2%	6.2%	48009.7
Brazilian Bovespa (real)	-2.4%	19.8%	17.9%	72165.6
Commodities ($)				
West Texas Intermediate Spot	2.0%	5.6%	27.0%	56.7
Gold Spot Price	0.6%	10.7%	0.7%	1276.1
Global Bond Indices ($)				
Barclays Global Aggregate ($)	0.1%	5.9%	2.6%	478.0
JPMorgan Emerging Mkt Bond	-0.8%	7.6%	7.2%	795.3
10-Year Yield Change (basis points*)				
US Treasury	7	-4	25	2.40%
UK Gilt	8	11	0	1.34%
German Bund	5	21	14	0.41%
Japan Govt Bond	-1	0	8	0.04%
Canada Govt Bond	1	25	54	1.97%
Currency Returns**				
US$ per euro	0.5%	10.9%	7.1%	1.167
Yen per US$	-0.5%	-2.9%	6.3%	113.54
US$ per £	0.9%	6.9%	5.1%	1.320
C$ per US$	-0.7%	-5.7%	-5.9%	1.268

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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