Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), increased 2.04% in November.

- Sector performance within the S&P was mostly positive in November with eight of the 11 sectors posting positive returns. The Healthcare and Real Estate sectors led gains with 7.05% and 5.63%, respectively. Information Technology and Energy lagged during the month, returning -1.88% and -1.65%, respectively.

- By market capitalization, midcaps (Russell 1000 Index) were the best performers during the month, returning 2.46%. Large-caps (Russell Midcap Index) followed with a return of 2.03%. Small-caps (Russell 2000 Index) lagged during the month with a return of 1.58%. Value stocks outperformed growth stocks within large- and small-cap stocks, while growth outperformed value in midcap stocks.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index, ended the month up 0.95%. Developed markets, represented by the MSCI EAFE Index, finished down -0.13%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned 4.12% in November.

- Within the MSCI ACWI ex-U.S. Index, nine of 11 sectors posted positive returns. Telecommunications and Utilities were the best performers in November, returning 4.31% and 3.57%, respectively. Energy and Materials lagged the index in November, returning -4.29% and -2.69%, respectively.

- EM Asia and Europe, Middle East and Africa (EMEA) were the best performing regions in November, returning 5.16% and 4.51%, respectively. EM Latin America and the UK were the worst-performing regions, returning -2.19% and -1.67%, respectively, in November.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index (Aggregate) returned 0.60% in November, led by returns in the mortgage and Treasury markets as rates shifted the U.S. Treasury yield curve downward.

- Investment grade (IG) credit within the Aggregate returned -0.07%. Within the IG credit spectrum, returns were positive across all qualities except BBB. AAA-rated bonds returned 0.67%, AA-rated bonds returned 0.40%, A-rated bonds returned 0.02% and BBB-rated bonds returned -0.39%. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, continued its selloff, falling -0.86% in November.

- Yields declined across the U.S. Treasury yield curve in November for maturities of two years or more. Yields for three- and six-month bills increased by 2 basis points (bps) and 3 bps, respectively. Five-year yields decreased by 16 bps, while 30-year bond yields declined by 10 bps.

Alternatives and Other Asset Classes

- Real estate investment trusts (REITs), represented by FTSE Nareit All Equity REITS Index, returned 4.74% in November, bringing the year-to-date (YTD) return to 3.93%. Returns were positive for all nine Real Estate sectors. Healthcare, Residential and Data Center REITs were the strongest performers returning 8.28%, 6.46% and 5.90%, respectively. The worst performer of the month was Lodging/Resorts, which had a return of 1.01%, followed by Retail, which returned 2.63% in the month. Healthcare continued as the best-performing sector in 2018 with a return of 14.99% YTD.

- Commodities, represented by the Bloomberg Commodity Index, posted a -0.76% return. The active contract for the West Texas Intermediate (WTI) Crude Index closed at $50.93/barrel, down from $65.31/barrel in October.

Items to Watch

- The Federal Open Market Committee (FOMC) will meet December 18 and 19, and the Federal Reserve (Fed) has signaled it will raise the federal funds rate 0.25% for the fourth time this year. Markets appear relatively less certain about whether the Fed will raise rates given recent signs of slowing growth and Fed Chairman Jerome Powell's recent statement that the current interest rate level is "just below neutral" (just two months after stating that interest rates were "a long way" from neutral).

- The U.S. and China held talks at the G20 summit in Argentina, resulting in a 90-day truce to allow time for further negotiation. Initial optimism gave way to growing uncertainty over the White House's apparent hardline stance and the wide range of issues that must be negotiated. Preliminary actions from China include increased punishments for intellectual property theft and plans to step up purchases of U.S. farm and energy products. The White House reaffirmed that if negotiations fail, it will continue its plan to raise tariffs on $200 billion of Chinese goods from 10% to 25%.

- Brexit faces a critical next step as the UK parliament prepares to vote on whether to ratify Prime Minister Theresa May's plan to leave the EU. Recent economic indicators suggest that leaving the EU with a deal secured is imperative. The UK's Purchasing Managers' Index (PMI) fell to 50.4 in November, down from 52.2 in October, and barring a particularly strong December, its gross domestic product (GDP) growth is likely to settle around 1.3% for the year, its lowest level since the financial crisis.

- After two months of declining oil prices due to global oversupply, OPEC and Russia struck a deal to reduce oil output by 1.2 million barrels a day. The agreement is intended to stabilize prices, which have declined 30% since early October.

- The unemployment rate remained unchanged in November, holding at 3.7% with the addition of 155,000 jobs.
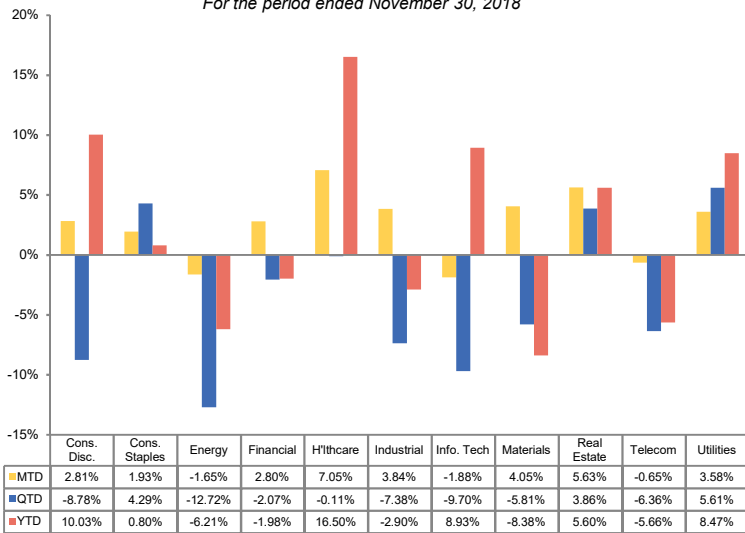
Total Return of Major Indices as of 11/30/18

Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	2.04%	-4.94%	5.10%	6.26%
Russell 3000	2.00%	-5.51%	4.48%	5.52%
Russell 2000	1.58%	-9.45%	0.97%	0.56%
Russell 1000	2.03%	-5.19%	4.75%	5.91%
International Equity	**MTD**	**QTD**	**YTD**	**1 YR**
MSCI ACWI ex-U.S.	0.95%	-7.26%	-10.12%	-8.12%
MSCI EAFE	-0.13%	-8.08%	-9.39%	-7.94%
MSCI Emerging Markets	4.12%	-4.95%	-12.24%	-9.09%
Fixed Income	**MTD**	**QTD**	**YTD**	**1 YR**
Bloomberg Barclays U.S. Agg	0.60%	-0.20%	-1.79%	-1.34%
Bloomberg Barclays Global Agg	0.31%	-0.81%	-3.16%	-2.82%
Bloomberg Barclays U.S. HY	-0.86%	-2.45%	0.06%	0.36%
Alternatives	**MTD**	**QTD**	**YTD**	**1 YR**
FTSE NAREIT Equity	4.74%	1.63%	3.93%	3.70%
Bloomberg Commodity	-0.76%	-3.10%	-6.36%	-3.67%

Economic Indicators

Domestic	Current	Previous
Unemployment Rate (%)	3.7%	3.7%
Initial Jobless Claims (4 week avg)	228 K	223.8 K
CB Leading Economic Indicators	0.1	0.6
Capacity Utilization	78.4%	78.5%
GDP (annual growth rate)	3.5%	4.2%
University of Michigan Consumer	97.5	97.5
Confidence New Home Starts	544 K	597 K
Existing Home Sales	5.2 MM	5.2 MM
Retail Sales (YoY)	5.9%	5.4%
U.S. Durable Goods (MoM)	-4.3%	0.0%
Consumer Price Index (YoY)	2.5%	2.3%
Producer Price Index (MoM)	0.7%	-0.1%
Developed International*	**9/30/2018**	**6/30/2018**
Market GDP (annual rate)	1.5%	2.1%
Market Unemployment	4.7%	4.8%

Stock Market Sector Performance (S&P 500)

For the period ended November 30, 2018

	Cons. Disc.	Cons. Staples	Energy	Financial	H'lthcare	Industrial	Info. Tech	Materials	Real Estate	Telecom	Utilities
MTD	2.81%	1.93%	-1.65%	2.80%	7.05%	3.84%	-1.88%	4.05%	5.63%	-0.65%	3.58%
QTD	-8.78%	4.29%	-12.72%	-2.07%	-0.11%	-7.38%	-9.70%	-5.81%	3.86%	-6.36%	5.61%
YTD	10.03%	0.80%	-6.21%	-1.98%	16.50%	-2.90%	8.93%	-8.38%	5.60%	-5.66%	8.47%

U.S. Treasury Yield Curve
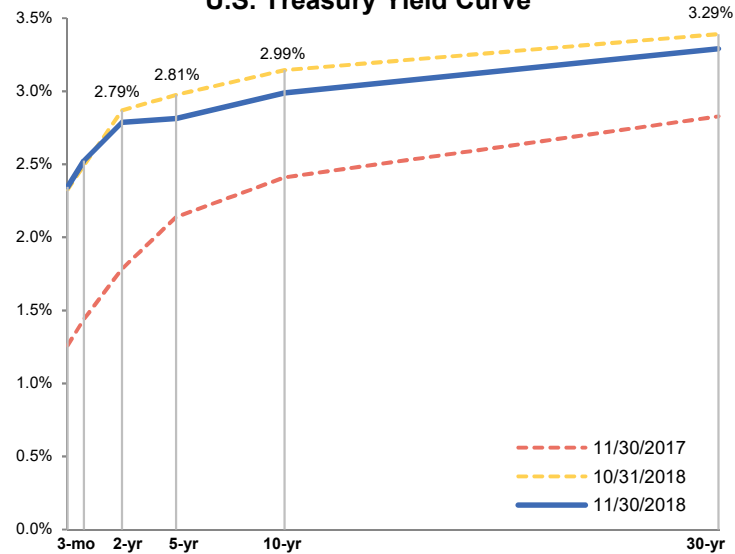
P/E Ratios of Major Stock Indices**
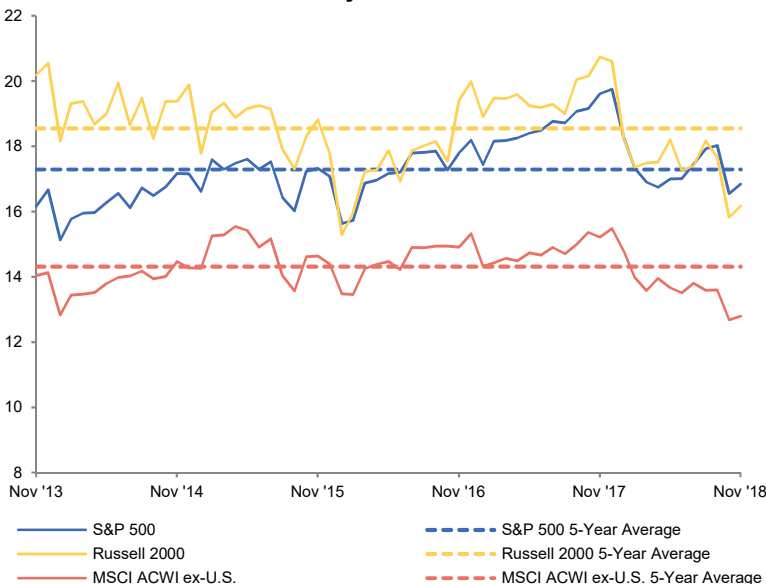
Source: Bloomberg. Data as of November 30, 2018, unless otherwise noted.
*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. index. Most current data is as of September 30, 2018, due to release dates of numerous countries.
**P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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