

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	+0.045%	+1.52%
Dow Jones Industrial	-0.13%	-0.14%
NASDAQ Composite	+0.46%	+8.27%
Russell 2000	+2.32%	-0.21%
VIX	-2.26%	-21.25%

U.S. equities held steady during the shortened trading week, after the S&P 500 recorded its biggest weekly gain of the year. Stocks finished the week on very modest gains, despite renewed geopolitical fears after the downing of a Russian fighter jet

by Turkey on Tuesday. The S&P 500 gained less than a point, finishing the week just above 2,090, while the DJIA lost 0.13%, dragged down by Disney (DIS) which sold off sharply after announcing massive losses of subscribers at its ESPN branch. The NASDAQ Composite outperformed the S&P 500 once again, posting a minor gain of 0.46% mainly attributable to the healthcare sector. Small-cap stocks clearly outperformed last



S&P 500, DJIA, NASDAQ Composite, Russell 2000 5-day chart.

week, as measured by the Russell 2000 which gained 2.32% and is now only 0.2% shy of its value at the start of the year. Last week was also the second consecutive week of decline for the VIX Index of volatility, which settled 2.26% lower despite a massive spike on Tuesday. As is often the case when equities are up, gold finished the week lower, dipping 1.91% to close below \$1,060 an ounce for the first time since October 2009. Silver also finished the week

lower, losing 0.65% to close just above \$14/ounce. Crude oil prices were once again very volatile, and spiked on Tuesday when the Russian fighter jet was taken down. Despite those geopolitical concerns, the rally exhausted itself and prices finished mixed, with Brent gaining 0.45% and WTI losing 0.45%. A couple of key economic reports were released last week, notably the revised third quarter GDP growth, which came in at 2.1% compared to 1.5% initially. The upward revision was mainly attributable to an increase in inventories as businesses prepare for the holiday season, even though personal consumption also contributed, increasing 3% over the same quarter last year. The Census Bureau also released existing and new home sales for October, which painted a mixed picture of the American real estate market. Even though new home sales increased to 495,000 in October, existing home sales decreased 3.6% to 5.36 million. The price of existing homes also increased in September, as evidenced by the Case-Schiller Index which was released on Tuesday and showed 5.5% year-on-year increase in home prices. In addition, initial jobless claims fell to 260,000 last week, which marks the 38th consecutive week under 300,000 for the common indicator. Those reports seem to corroborate the Federal Reserve's decision to start gradually raising interest rates in December. In corporate news, investors sent shares of HP Inc. (HPE) tumbling on Wednesday after the company's earnings report provided a lowered guidance for the next fiscal year. Last week also saw the announcement of another megamerger, with Pfizer Inc. (PFE) offering to acquire Allergan PLC (AGN) for approximately \$160 billion. The deal would create the largest drug company, and would also result in a tax inversion as the new entity would adopt AGN's Ireland nationality.

International Markets

Index	Weekly % Change	YTD % Change
BE 500	+0.48%	+10.88%
Stoxx Europe 600	+0.49%	+12.01%
DAX	+1.56%	+15.18%
FTSE 100	+0.64%	-2.91%
CAC 40	+0.39%	+15.39%
Nikkei 225	+0.02%	+13.94%
Shanghai Composite	-5.35%	+6.23%
Shenzhen Composite	-4.47%	+54.33%

International equity markets slightly outperformed American equities during the week, helped by one and a half more days of trading. World indices had the same reaction on Tuesday morning, but the selloff was short-lived and stocks closed in positive territory on Tuesday. The Bloomberg European 500 and

Stoxx Europe 600 gained 0.48% and 0.49% respectively, while the MSCI AEFEE fell 0.52%. In Japan, Prime Minister Shinzo Abe announced the rollout of additional stimulus measures, as Japan slipped into recession for the second time in two years. The new, \$24 billion stimulus package includes cash handouts to poor, elderly people, as well as the construction of child-care and elder-care facilities in order to help people stay in the workforce, according to Abe. The Nikkei 225 was flat in reaction, rising 0.02% to close at 19,883.94. In China, volatility made a strong comeback, as two financial services companies announced they were the subject of regulatory probes following suspicions of rules violations. The news sent the Shanghai Composite down 5.35%, its biggest one-day drop since August, while the Shenzhen Composite lost 4.47%.