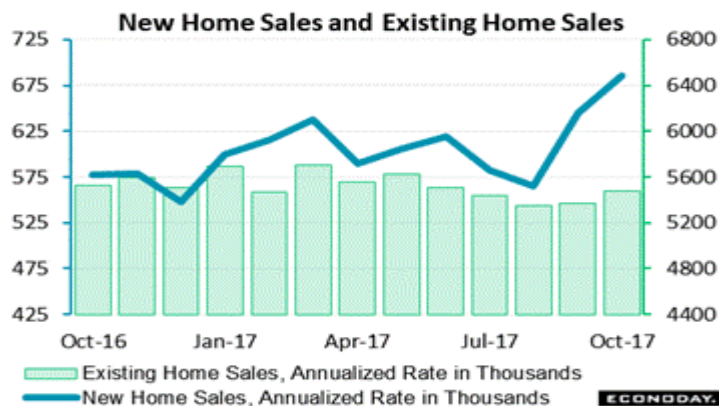


ECONOMIC/MARKET BRIEF



○ POSITIVES

- Sales of new homes increased 6.2% in October to 685000 - a new high! This is not signaling to a housing bubble since the sales surge is not coupled with a price surge. Median price of a new home is up only 3.3% on the year.
- Rising consumer confidence is at a new expansion high (129.5 in November). Largely due to optimism in the job market and expected stock market gains.
- The stock market highs may partly be due to expectation of corporate tax cuts and their on going effects. GDP growth has been 3% last two quarters while consumer spending as of October has been at 4.2%, posing no threat of over heating.

○ CHALLENGES

- International trade deficit is expected to widen in October to \$47.1 billion, up from September's \$43.5 billion, due to falling exports and a jump in imports of consumer products.
- Growth in corporate profits have continued to lag the growth of the stock market. Pre tax profits peaked in 2012 and really have expended only 10% over the past 5 years.

Performance as of November 30, 2017

<u>Index</u>	<u>Month</u>	<u>3 Months</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YR</u>	<u>5 YR</u>
S&P 500	3.07%	7.65%	20.49%	22.87%	10.91%	15.74%
Dow Jones	4.24%	11.22%	25.69%	30.02%	13.68%	16.11%
Russell MidCap	3.36%	8.00%	17.43%	18.76%	9.32%	15.26%
Russell 2000	2.88%	10.23%	15.11%	18.34%	11.14%	15.02%
MSCI EAFE	1.05%	5.14%	23.06%	27.27%	5.97%	8.24%
MSCI Emg Mkts	0.20%	3.30%	32.53%	32.82%	6.15%	4.61%
Barcap Aggr	-0.13%	-0.55%	3.07%	3.21%	2.11%	1.98%

