

Last month left investors with the feeling that fundamental global data has begun to stabilize. While U.S. equity markets saw a six-week winning streak come to an end in November, they ended up turning in their strongest monthly performance since June, closing near record highs with 3%+ gains. The U.S. was the top performing equity market globally for the month. Leadership came from financials, industrials, technology, and health care (on the Warren fade) while interest rate sensitive REITs and utilities struggled with slightly higher interest rates—which helped push the USD higher versus most major currencies. International equity indices rose for a third consecutive month taking the EAFE up 18.2% YTD.

Market Anecdotes

- Third quarter earnings season wrapped in November with the S&P 500 posting a solid 75% beat rate but disappointing YoY earnings of -2.2%.
- Trade remained front and center with posturing back and forth ahead of the looming December 15th U.S. tariff escalation (\$156b).
- A deferral of the 12/15 tariff package and a postponed 'phase one' deal remain our base case scenario with the qualifier of a backdrop of rising political incentives on both sides.
- The U.S. House set the stage for an impeachment vote in November, but markets continue to view the developments as status quo given the very low likelihood of a Senate conviction.
- U.K. elections are predicted to result in a Tory (Conservatives) majority, as the Brexit party chose not to challenge PM Johnson's party, setting the stage for an orderly negotiated Brexit in 2020.
- November marked the transition from Mario Draghi to Christine Lagarde as EBC President. Lagarde made clear her preference for unified fiscal policy despite German opposition to the concept. Strong consensus remains for a -0.50% deposit rate and the €20/month QE program.
- China's finance ministry assigned a new quota in late November of \$142b for local government bond issuance targeting infrastructure projects. Slow growth and mounting issues have policy makers in the unenviable position of balancing material risks with firm stimulus.

Economic Release Highlights

- Headline PCE of 1.31% and core PCE of 1.6% again remained below the Fed's target while consumer spending of 0.3% represented an eighth consecutive monthly increase.
- November jobs report showed 266,000 new jobs, handily beating consensus of 180,000 and a jump from October's 128,000. Unemployment rate dipped to 3.5% and wages rose 3.1%.
- November PMI Manufacturing index (52.6 v 52.2) beat consensus and remained firmly in expansionary territory. In contrast, November ISM Manufacturing index (48.1 v 49.4) missed consensus and remained firmly in contraction territory, actually falling from October's 48.3.
- November ISM Non-Manufacturing index (53.9 v 54.5) missed consensus calls for just a small dip following a sharp move higher in October.
- Third quarter U.S. GDP was revised higher in the final November estimate, from 1.9% up to 2.1%.
- China's manufacturing PMI registered 50.2, its first expansionary reading in six months. Non-manufacturing PMI also rose from 52.8 to 54.4. The composite PMI of 53.2 was among the strongest around the world.
- November consumer sentiment came in at 125.5, an upbeat reading despite a fourth consecutive monthly decline.
- November UofM consumer confidence of 99.2 was notably higher than consensus calls for 96.9, confirming the profile of a robust U.S. consumer.
- Housing market metrics released in November remained constructive with a Case Shiller HPI of

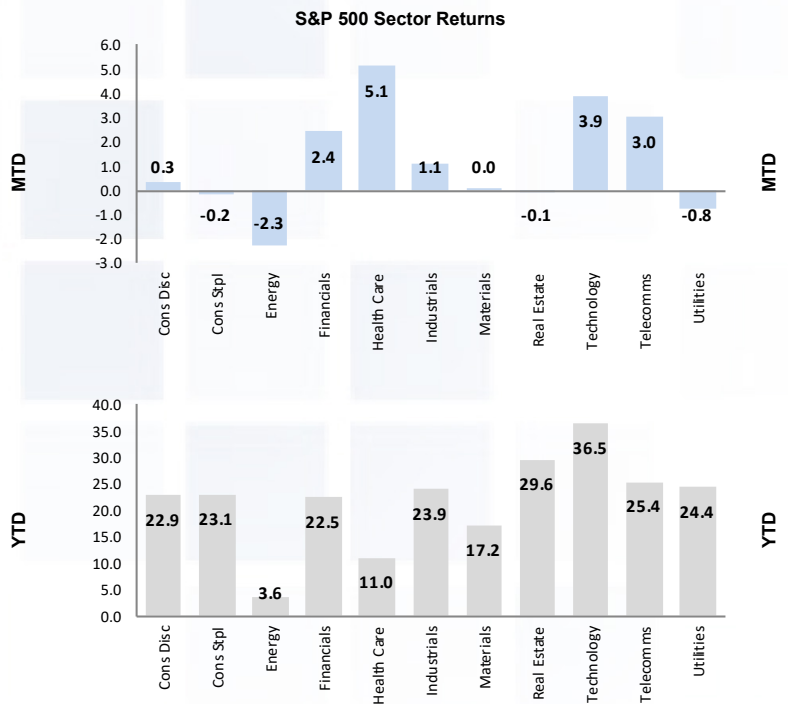
2.1% YoY (20 city) and 3.2% YoY (national). The Housing Market Index (homebuilder sentiment) at 70 was the second highest reading of the year. Housing starts and permits both accelerated from

September with starts coming in just below the 2019 high mark in August. Permits of 1.461 are at the highest level seen since the housing bubble back in 2007.

Equity	Level	1 Mo	3 Mo	YTD	1 Yr	3 Yr
Dow Jones	28051	4.01	7.07	23.05	13.43	16.33
NASDAQ	8665	4.86	8.97	31.91	20.46	18.50
S&P 500	3141	3.67	7.94	27.63	17.08	14.79
Russell 1000 Growth		4.75	7.26	32.40	22.19	19.40
Russell 1000 Value		2.76	8.57	23.15	12.11	9.77
Russell 2000		3.16	8.96	22.01	8.09	8.41
Russell 3000		3.74	7.96	27.34	16.43	14.13
MSCI EAFE		1.31	8.51	18.78	13.60	10.13
MSCI Emg Mkts		(0.29)	7.68	10.57	8.03	9.61
Fixed Income	Δ Yield	1 Mo	3 Mo	YTD	1 Yr	3 Yr
US Aggregate	2.71	0.00	0.06	(0.00)	0.14	0.34
High Yield	5.55	(0.03)	(0.06)	(0.36)	(0.14)	(0.63)
Municipal	2.16	0.00	0.02	(0.10)	(0.10)	(0.09)

Commodities	11/30/19	9/30/19	6/30/19	3/31/19
Oil (WTI)	55.97	54.09	58.20	60.19
Gold	1460.15	1485.30	1409.00	1295.40
Currencies	11/30/19	9/30/19	6/30/19	3/31/19
USD/Euro (\$/€)	1.10	1.09	1.14	1.12
USD/GBP (\$/£)	1.29	1.23	1.27	1.30
Yen/USD (¥/\$)	109.47	108.11	107.84	110.68
Treasury Rates	11/30/19	9/30/19	6/30/19	3/31/19
3 Month	1.59	1.88	2.12	2.40
2 Year	1.61	1.63	1.75	2.27
5 Year	1.62	1.55	1.76	2.23
10 Year	1.78	1.68	2.00	2.41
30 Year	2.21	2.12	2.52	2.81

Style Returns			
	V	B	G
L	3.09	3.78	4.44
M	2.67	3.57	4.98
S	2.34	4.12	5.89
	V	B	G
L	23.15	27.74	32.40
M	23.31	27.61	33.90
S	18.25	22.01	25.61





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