The Markets (as of market close December 6, 2019)

Market performance was uneven last week, culminating in some of the benchmark indexes closing in the black while a few lost value by week's end. A strong jobs report and guarded optimism that progress will continue toward a resolution to the U.S./China trade war helped push stocks higher. The S&P 500 closed up less than 0.25%, while the small caps of the Russell 2000 gained over 0.50%. The Dow fell slightly, as did the tech-heavy Nasdaq. Year-to-date, the Nasdaq continues to lead the way, followed by the S&P 500, the Russell 2000, the Dow, and the Global Dow. Long-term government bond prices dipped pushing yields higher as investors were likely influenced by last week's robust labor numbers.

Oil prices rose last week, closing at $59.12 per barrel by late Friday afternoon, up from the prior week's price of $55.17. The price of gold (COMEX) inched lower last week, closing at $1,464.50 by late Friday afternoon, down from the prior week's price of $1,465.60. The national average retail regular gasoline price was $2.575 per gallon on December 2, 2019, $0.004 less than the prior week's price but $0.124 more than a year ago.

Market/Index	2018 Close	Prior Week	As of 12/6	Weekly Change	YTD Change
DJIA	23327.46	28051.41	28015.06	-0.13%	20.09%
Nasdaq	6635.28	8665.47	8656.53	-0.10%	30.46%
S&P 500	2506.85	3140.98	3145.91	0.16%	25.49%
Russell 2000	1348.56	1624.50	1633.84	0.57%	21.15%
Global Dow	2736.74	3151.08	3162.32	0.36%	15.55%
Fed. Funds target rate	2.25%-2.50%	1.50%-1.75%	1.50%-1.75%	0 bps	-75 bps
10-year Treasuries	2.68%	1.77%	1.84%	7 bps	-84 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- November saw a whopping 266,000 new jobs added and the unemployment rate dip 0.01 percentage point to 3.5%. Job growth has averaged 180,000 per month thus far in 2019, compared with an average monthly gain of 223,000 in 2018. There were 5.811 million unemployed persons in November (5.855 in October), the labor force participation rate decreased from October's 63.3% to 63.2%, and the employment-population ratio remained at 61.0%. In November, notable job gains occurred in health care and in professional and technical services. Employment also increased in manufacturing, reflecting the return of workers from a strike. Employment continued to trend up in leisure and hospitality, transportation and warehousing, and financial activities, while mining lost jobs. The average workweek was unchanged at 34.4 hours in November. Average hourly earnings rose by $0.07 to $28.29. Over the last 12 months, average hourly earnings have increased by 3.1%.

- According to the IHS Markit final U.S. Manufacturing Purchasing Managers' Index™, manufacturing improved in November. The purchasing managers' index climbed from 51.3 in October to 52.6 last month, marking the strongest improvement in the manufacturing sector since April. Also increasing were new orders, output growth, and workforce numbers.

- The other major report on the health of the manufacturing sector, the Manufacturing ISM® Report On Business®, saw its purchasing managers' index decrease 0.2 percentage point in November, coming in at 48.1%. Anything below 50.0% indicates a slowdown. New orders fell 1.9 percentage points, employment fell 1.1 percentage points, inventories dropped 3.4 percentage points, and new export orders plummeted 2.5 percentage points. While the ISM® and Markit® indexes are based on surveys of purchasing managers, the ISM® index is based on a larger survey field and the questions are qualitative and ask about general direction rather than specific level of activity. The Markit® index is based on a smaller survey field and is based on more quantitative information.

- The services sector also slowed in November, according to the Non-Manufacturing ISM® Report On Business®. The Non-Manufacturing Index fell to 53.9%, down from November's 54.7%. While business activity regressed last month, new orders, employment, and prices each improved in November over October's readings. Some industries reporting growth in business activity include real estate, rental and leasing; health care and social assistance; arts, entertainment and recreation; finance and insurance; retail trade; and accommodation and food services. Service industries reporting a slowdown in business activity include agriculture, forestry, fishing and hunting; construction; mining; public administration; wholesale trade; and professional, scientific and technical services.

- The goods and services deficit was $47.2 billion in October, down $3.9 billion from $51.1 billion in September, revised. October exports were $207.1 billion, $0.4 billion less than September exports. October imports were $254.3 billion, $4.3 billion less than September imports. Year-to-date, the goods and services deficit increased $6.9 billion, or 1.3%, from the same period in 2018. Exports decreased $0.8 billion, or less than 0.1%. Imports increased $6.1 billion, or 0.2%.

- For the week ended November 30, there were 203,000 claims for unemployment insurance, a decrease of 10,000 from the previous week's level. According to the Department of Labor, the advance rate for insured unemployment claims increased 0.1 percentage point to 1.2% for the week ended November 23. The advance number of those receiving unemployment insurance benefits during the week ended November 23 was 1,693,000, an increase of 51,000 from the prior week's level, which was revised up by 2,000.

Eye on the Week Ahead

The focus this week is on the Federal Open Market Committee, which meets for the first time since October. Having lowered interest rates three times already this year, it is unlikely that the Committee reduces rates again this month. While inflation has remained tepid, business investment picked up last month, as did manufacturing and exports, which should be enough to forestall another rate cut.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or