

November 2019

~ Economic & Market Insights ~

Monthly Summary

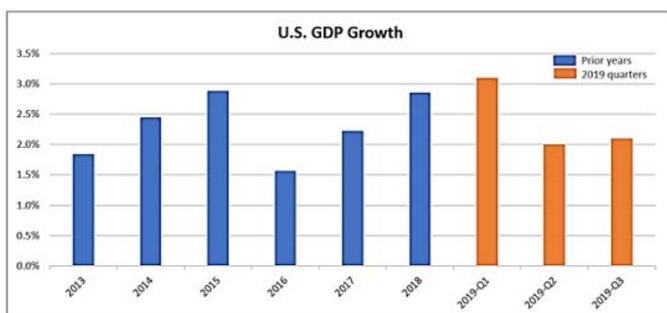
Global markets have managed the numerous headline geopolitical risks well this year with several indices advancing, some setting all-time highs. November was mostly a continuation of trends in various economic areas. Trade deal negotiations between the U.S. and China have not been finalized, but seem to be inching towards a preliminary "phase one" deal. Notably, progress may be slower than expected. This will inevitably have an effect on the potential tariff hike on December 15th if a deal is not reached by then. Although the Federal Reserve did not implement another U.S. interest rate reduction, monetary policy remains at the forefront of many central banking systems globally. In the U.K., the outcome of the upcoming general election on December 12th will ultimately have a large impact on the future of Brexit and any monetary policy moves made by the Bank of England. Within equities, emerging markets lagged their developed markets counterparts and growth once again outperformed value. However, within fixed income, yields moved slightly higher over the month resulting in flat or slightly negative returns.

In the U.S., the ISM indices for both services and manufacturing improved, although manufacturing remains in contraction. Housing data improved substantially, although the overall consumer confidence level was lower than anticipated. Numerous factors, including positive trade deal activity and broad earnings beating estimates, led to a rise in the S&P 500. Yield sensitive sectors, namely real estate and utilities, fell for the month while information technology advanced - the best performing sector for the year so far. Thought of as broad barometers for fixed income markets, both the two-year and 10-year government bond yields increased for the month and consequently Treasury bond returns fell.

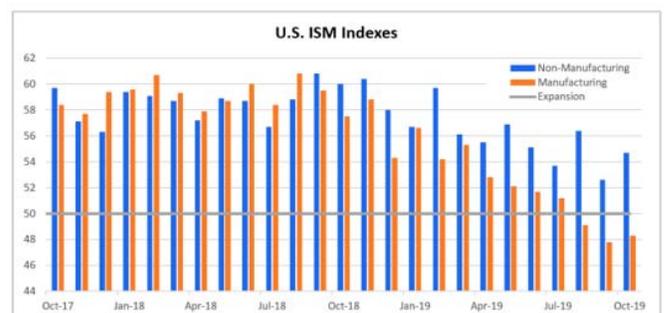
Internationally, the Eurozone surprised many investors with some positive news. More specifically, the manufacturing sector and consumer confidence improved, perhaps also partially influenced by the aforementioned easing trade conflicts. Despite encouraging reports, business sentiment hasn't fully turned the corner to positivity just yet. Overall, European developed markets largely advanced for the month. Investors are eagerly awaiting to see what actions the new European Central Bank president, Christine Lagarde, will put in place. Elsewhere, in China, both industrial output and retail sales disappointed versus estimates. The delicate trade deal activity can ultimately be influenced by the Hong Kong protests and overall slowing of Chinese economic growth figures, a risky situation.

Investable assets have been supported by the potential for a trade deal, along with careful central bank influence throughout November. Global equity valuations have risen to or above their long-term averages while credit spreads remain low. The current holiday season will likely be a key determinant of the health of the domestic consumer and economy in general. A diversified portfolio continues to be the best defense in our current climate of uncertainty and increased volatility.

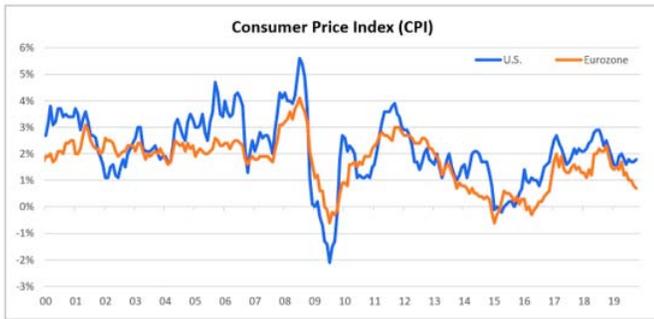
Economic Observations



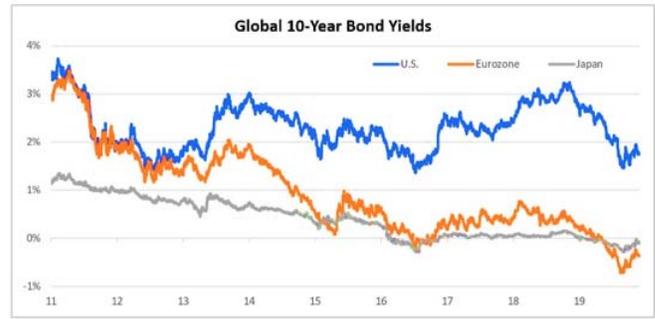
U.S. Department of Commerce



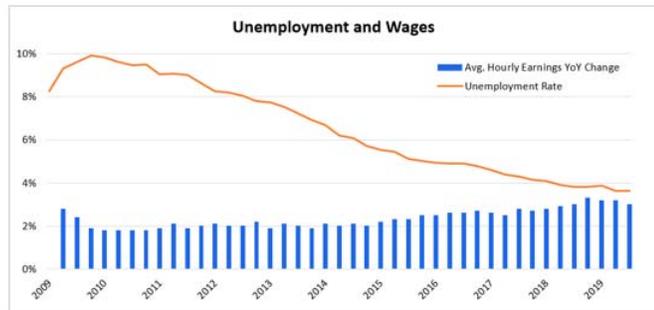
Institute for Supply Management



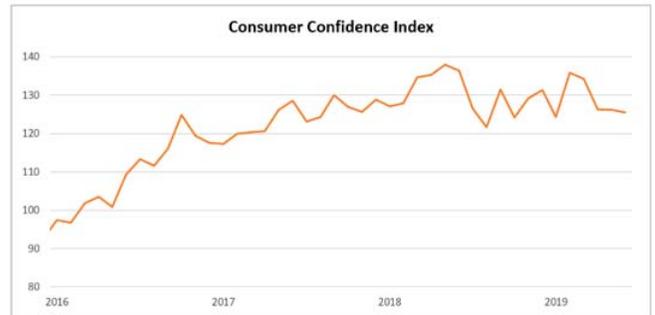
U.S. Bureau of Labor Statistics



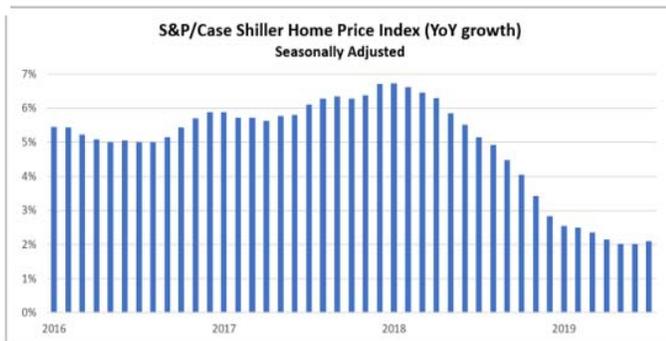
Bloomberg



U.S. Bureau of Labor Statistics



Conference Board



S&P/Case Shiller



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