



Donald Calcagni, CFP®, MST
Chief Investment Officer

NOTE: We welcome your feedback and questions. Feel free to send us an email at CIOForum@merceradvisors.com.

The Markets (as of market close November 10, 2017)

Trepidation over proposed tax reform took a toll on large caps last week, ending what had been a run of consecutive weekly positive returns. The small caps of the Russell 2000 were particularly hit, sending that index down over 1.30%. Rising oil prices pushed energy stocks higher, but not enough to offset falling stock prices across much of the market. A light economic calendar probably accounted for long-term bond yields remaining largely unchanged from the prior week.

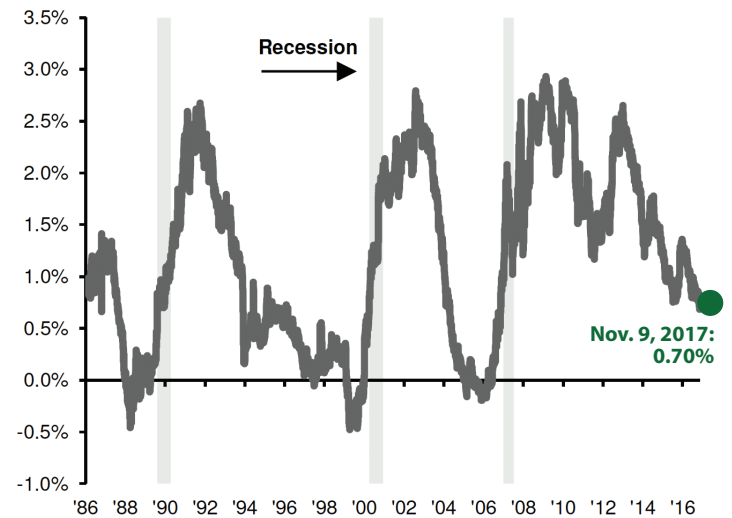
The price of crude oil (WTI) rose to \$56.86 per barrel last Friday, up from the prior week's closing price of \$55.73 per barrel. The price of gold (COMEX) climbed to \$1,276.30 by early Friday evening, up from the prior week's price of \$1,270.00. The national average retail regular gasoline price increased to \$2.561 per gallon on November 6, 2017, \$0.073 higher than the prior week's price and \$0.328 more than a year ago.

Last Week's Headlines

The number of job openings was little changed at 6.1 million on the last business day of September, according to the Job Openings and Labor Turnover (JOLTS) report. The number of hires fell slightly from 5.4 million in August to 5.3 million in September, while total separations remained essentially the same at 5.2 million. Job openings increased in professional and business services (+156,000), other services (+52,000), state and local government education (+36,000), and federal government (+15,000). Job openings decreased in accommodation and food services (-111,000) and information (-28,000). Over the 12 months ended in September, hires totaled 63.9 million and separations totaled 62.1 million, yielding a net employment gain of 1.8 million.

Current yield curve flattening doesn't signal recession

10-year U.S. Treasury yield – 2-year U.S. Treasury yield



Source: FactSet, Tullett Prebon, J.P. Morgan Asset Management.

In the week ended November 4, the advance figure for initial claims for unemployment insurance was 239,000, an increase of 10,000 from the previous week's level. The advance insured unemployment rate increased slightly to 1.4%. The advance number of those receiving unemployment insurance benefits during the week ended October 28 was 1,901,000, an increase of 17,000 from the previous week's level. This remains the lowest level for insured unemployment since January 12, 1974, when it was 1,881,000.

Eye on the Week Ahead

Inflation has been moving upward, but not enough to influence the Fed to raise interest rates. This week, inflationary trackers including the Consumer Price Index and the Producer Price Index provide price information for October.

Key Dates/Data Releases

- 11/14: Producer Price Index
- 11/15: Consumer Price Index, retail sales
- 11/16: Industrial production, import and export prices
- 11/17: Housing starts

Sources: Broadridge/Forefield.

MARKETSUMMARY

	11/10/17	1 Week	QTD	YTD	1 Year		11/10/17	12/30/16	11/10/16
S&P 500	2582	-0.14 ▼	2.71	17.33 ▲	21.57 ▲	\$ per €	1.17	1.05	1.09
Dow Jones	23422	-0.35 ▼	4.79	20.99 ▲	27.60 ▲	\$ per £	1.32	1.24	1.25
Russell 2000	3666	-1.29 ▼	-0.96	9.88 ▲	19.44 ▲	¥ per \$	113.29	116.64	106.47
MSCI EAFE	2000	-0.40 ▼	1.44	22.20 ▲	25.30 ▲	Oil (WTI)	56.75	53.75	44.62
NASDAQ	6751	-0.14 ▼	4.04	26.58 ▲	31.06 ▲	Gasoline	2.56	2.31	2.23
10-Year U.S. Treasuries	2.40	2.34 ▲	2.33	2.45 ▲	2.15 ▲	Gold	1284	1146	1268

Source: J.P. Morgan Asset Management