WEEKLY MARKET WRAP

Review & Preview

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The first full week of the final month of 2016 saw stocks once again continue to rally, despite stalling the week before. Domestically, the S&P 500 gained 3.13% and the NASDAQ Composite gained 3.60% for the week. Internationally, the S&P BMI Global Index gained 3.04% and the MSCI Emerging Markets Index gained 2.91%. Small caps led the way, just like they have YTD, as the Russell 2000 Small Cap Index gained 5.64% for the week. The 10-year U.S. Treasury yield continued to rise to 2.47%.

- **Market Update:** Stock market performance since the U.S. election reflects expectations of better economic growth, lower corporate taxes and less regulation.

- **Oil stays in spotlight:** U.S. crude oil is forecast to average 8.9 million barrels per day (bpd) in 2016 and 8.8 million in 2017, according to the U.S. Energy Information Administration. The forecast was a slight increase from the EIA's prior estimates and added pressure to oil prices, which has moved higher after OPEC announced a production quote cut last week. The U.S. rig count increased to its highest level since January, which supports speculation that U.S. shale production would increase in response to the OPEC cuts, but U.S. crude inventories declined in the latest reporting period, which may offset some of the price concerns about production.

- **ECB surprise:** The European Central Bank (ECB) announced a continuation of the bank's generous asset-buying program last Thursday. Current asset purchases of 80 billion euros ($86 billion) a month were due to end in March 2017, but will now be extended until at least December 2017 and will be cut to 60 billion euros a month beginning in April 2017.

- **The really fast lane:** Amazon.com Inc. has unveiled technology that will let people grocery shop and skip the checkout line. The system will be tested at an Amazon Go store in Seattle, which is opening early next year. The Amazon Go mobile app is able to scan items shoppers grab from the shelves and add them to a virtual shopping cart.

- **Staying Active:** The environment for active managers has improved since the presidential election, as demonstrated by the correlation among stocks in the S&P 500 falling since early November. Lower correlations between individual stocks occur in calmer markets because stocks trade on company fundamentals, and therefore it's easier for active managers to differentiate and thus generate return in excess of the benchmark due to stocks trading independently of each other.

Carl's Corner: 3 games in NFL history have ended with a score of 25-16. 2 of those 3 games have been Vikings' wins this season!

Index/Portfolio Returns	*% Change Week*	*% Change QTD*	*% Change YTD*
Barclays Aggregate Bond	-0.26%	-3.45%	2.14%
Barclays High Yield Bond	1.21%	1.22%	16.51%
Barclays Glb Agg Bond	-0.79%	-7.23%	1.91%
JPM Emerging Mkts Bond	1.16%	-4.94%	9.35%
S&P Equity 500 Index	3.13%	4.67%	12.87%
Russell 3000 All Cap Index	3.37%	5.28%	13.90%
Russell 2000 Small Cap Index	5.64%	11.17%	23.91%
NASDAQ Composite	3.60%	2.76%	10.05%
S&P Global BMI	3.04%	1.90%	9.45%
MSCI EAFE Index	2.91%	-1.14%	0.57%
MSCI EAFE Small Cap	1.63%	-4.12%	0.85%
MSCI Emerging Markets	2.91%	-2.70%	12.89%

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