

Domestic equities ended the shortened week down more than 2%. Technology-related names continue to lead on the downside, as the Nasdaq Composite fell more than 3% for the week. At one point this year, the Nasdaq was outpacing the Dow Jones Industrial Average by more than 10%, but the sharp sell-off in the fourth quarter has brought the two back to parity with year-to-date gains of about 1%. Small-caps are negative on the year. Fixed income returns, as measured by the Bloomberg Barclays Aggregate Bond Index, are negative on the year. Emerging Markets are well into the red. Alternatives, such as gold, are down on the year and Bitcoin has collapsed. This year has thus far seen one of the lowest ever percentage of asset classes post positive returns, although the exact measure varies by source and the universe used. Investors' last hope is for stock prices to exhibit the tendency to rise into year-end, which culminates in the "Santa Claus Rally."

Investment grade corporate bonds put in the worst three-day performance in over five years. General Electric (GE) has seen its stock price plunge in 2018 and now its bonds are coming under significant pressure. GE was formerly AAA rated, and even AA as late as last year, but following their downgrade to BBB+ it has been nothing but selling. The bonds currently trade on par with high-yield bonds. Tobacco bonds were hit hard on news the FDA will move forward with a plan to ban menthol and sales of flavored e-cigarettes at convenience stores. Lastly, oil prices are down 30% in about six weeks and set the all-time record for most consecutive losing days at 12. This bearish cocktail has also caused high-yield bonds to finally crack.

The next big event is the G-20 summit held at the end of the month. The market is hoping for some improvement in the China rhetoric. Should this fail to transpire, it would likely not be well received. Also, wage inflation looks poised to surprise to the upside when it is released in early December. There has been some significant talk among outspoken members of the Wall Street community, as well as the President, that the Federal Reserve should pause interest rate hikes. This is forming a backbone of optimism. However, should we get a frothy wage reading, this idea will likely be squashed and Santa Claus may very well turn his sleigh around.

Weekly Market Topics

- Economy
- Fixed Income Markets
- Equity Markets

All data is as of the above referenced date.

Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper bound)	2.25	1.25	0.25
3-Month T-Bill	2.38	1.27	0.10
10-Year Treasury	3.06	2.36	2.26
30-Year Treasury	3.31	2.76	3.02
10-Year Corporate AA	3.95	3.18	3.44
10-Year High Yield Corp.	6.83	5.37	6.33

Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz.)	1,221.66	1,280.61	1,078.01
Oil (WTI, \$/barrel)	53.43	54.27	53.76

Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	96.84	93.95	99.57
USD/EUR	0.88	0.85	0.94
USD/JPY	112.77	112.45	122.81

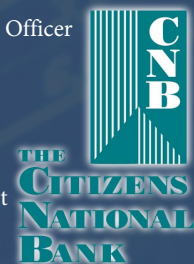
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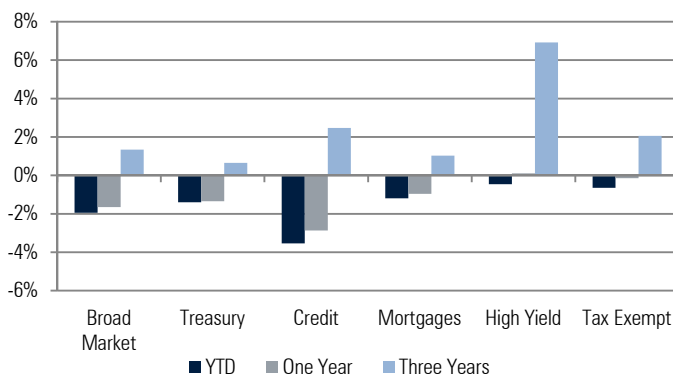
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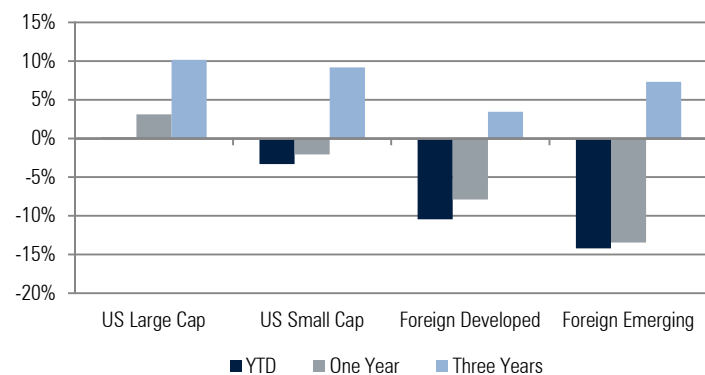
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Bond Market Total Returns



Equity Market Total Returns



Source: BTC Capital Management, Bloomberg LP, Ibbotson Associates.

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