



AND THAT’S THE WEEK THAT WAS...
For the Week Ended November 14, 2014

Market Matters...

Market/Index	Year Close (2013)	Qtr Close (09/30/14)	Previous Week (11/07/14)	Current Week (11/14/14)	YTD Change	Week Change
Dow Jones Industrial	16,576.66	17,042.90	17,573.93	17,634.74	6.38%	0.35%
NASDAQ	4,176.59	4,493.39	4,632.53	4,688.54	12.26%	1.21%
S&P 500	1,848.36	1,972.29	2,031.92	2,039.82	10.36%	0.39%
Russell 2000	1,163.64	1,101.68	1,173.32	1,173.80	0.87%	0.04%
Global Dow	2,483.62	2,534.53	2,516.73	2,529.28	1.84%	0.50%
Fed Funds	0.25%	0.25%	0.25%	0.25%	0 bps	0 bps
10 yr Treasury (Yield)	3.04%	2.51%	2.31%	2.32%	-72 bps	1 bps

Aw, the doldrums of...mid-November. Post-election; pre-holiday shopping season; post-earnings (for the most part), pre-year-end portfolio positioning; post-October market scare; pre-pre-pre Fed move. A great time for a vacation, perhaps? So Prez O. trudged to China to hang with President Xi Jinping and Russian Prez Putin. (Those US imposed Russian sanction could make things awkward, to say the least.) Early in the setting, the US announced a deal with China that would end tariffs on semiconductors and other technology goods and services that have hindered trade opportunities in the past. Some analysts believe dropping the restrictions could impact \$1 trillion in trade between the two economic superpowers. (Not a bad way to spend a vacation.)

Retailers took their turn on the earnings stage with mixed results, thus, setting the tone for greater uncertainty in the holiday season. **Wal-Mart** posted enhanced revenue, prompting some to believe that its shift in strategic focus is paying off. The retail behemoth also offered a less-than-enthusiastic full-year outlook. Not to be outdone, **Macy’s** reported sluggish sales and also cut its guidance for sales and earnings. **J.C. Penney**, on the other hand, continued to exhibit progress through strategic cost-cuts and posted a narrower loss in the quarter. On the global stage, **Alibaba** reaped the rewards of the best retail performance in one day by transacting \$9.3 billion in sales. The Chinese company is also talks with **Apple** about a partnership concerning mobile payments through the growing Apple Pay system, a potential boon for Apple as it looks to expand its pay service to foreign markets. In transactions news, Uncle Warren (Buffett) is at it again as his **Berkshire Hathaway** is buying battery maker **Duracell** from **Procter & Gamble** in a complex deal involving shares of P&G stock current own by Berkshire. (Any way to save taxes, huh Mr. B.?) Energy services giants **Halliburton** and **Baker Hughes** are in the midst of merger talks in what could be one of the largest energy deals in years.

Oil prices continued their downward spiral (for the seventh straight week) as the US Energy Information Administration reduced its outlook for demand in early 2015, while US production just reached its highest level since 1986. The friendly folks at OPEC get together in late-November to lament about falling prices, but few market watchers expect any significant production cuts as the biggest players seem more concerned about protecting market share. While some economists are concerned about the negative effects of a weak energy sector on the overall economy, others point out that lower prices at the gasoline pumps could lead to enhanced consumer activity, just in time for the holiday season.

Equities continued their winning (and record-setting, in some cases) ways as investors received the generally favorable news from retail this week with guarded optimism and the Dow industrials even set a new record for the 25th time this year. Analysts are hopeful for some positive momentum heading into the heart of the holiday season and are counting on the strong labor market and cheap(er) gas prices to give consumers more confidence to spend. So bring on the Turkey and dressing (and Black Friday).

Economic Calendar

Date	Release	Comments
November 13	Jobless Claims (11/08/14)	9 th straight week below 300k
November 14	Retail Sales (10/14)	Lower gasoline prices boosting household spending
The Week Ahead		
November 17	Industrial Production (10/14)	
November 18	PPI (10/14)	
November 19	Housing Starts (10/14)	
	Fed Policy Meeting Minutes	
November 20	Jobless Claims (11/15/14)	
	CPI (10/14)	
	Existing Home Sales (10/14)	
	Leading Indicators (10/14)	

In addition to its earnings report, the world's largest retailer shared more positive sales news this week as well. Wal-Mart posted its first increase in sales-store sales since 2012 on lower gasoline prices and also announced that its traditional day-after-Thanksgiving Black Friday sale will be expanded to a five day period from late November until early December (though not all its workers seem pleased). For those days, the shopping frenzy will commence as bargain hunters look for the best prices on TVs, toys, and apparel with deals aimed at the discount shopper. Wal-Mart will also be offering some of its best discounts to online shoppers (so maybe those fistfights in the aisles will be cut down this year). The timing could not be better for Wal-Mart as a recent key sentiment survey showed that consumer are feeling more optimistic about their positions in the growing economy than at any time since the beginning of the financial crisis. As further proof, retail sales in October rose by 0.3%, rebounding from a poor September performance and bringing new optimism to the start of the holiday season.

The news within labor was also perceived favorably this year, another would-be benefit for the consumer. Though jobless claims rose a tad in the latest week's release, they remained below the 300k level for the ninth consecutive week, the longest streak since 2000. Additionally, a less-watched survey known as JOLTS (Job Openings and Labor Turnover Survey) depicted that over five million employees were hired in September, the first time the survey cross that barrier since December 2007. Within the same report, 2.8 million people were found to have quit their jobs in September, the most since April 2008. While leaving the employment ranks may not seem to be favorable on the surface, analysts believe that the high number indicates a significant confidence factor in the labor market as these folks believe they can find a better (higher paying) positions.

The news in Europe continued to be concerning, but the eternal optimists may have found some reasons to believe that they may be seeing that light is at the end of the tunnel. Industrial production in the Eurozone climbed by 0.6% in September and the overall GDP also expanded (though ever-so-slightly) as once ailing countries like Greece and Spain are now leading the growth wave, while powers Germany and France rebounded from prior contractions to experience very modest gains. In China, regulators plan to open up the Shanghai stock market to overseas investors, granting listed companies access to significant new capital and global investors opportunities to participate in the "best and brightest" on the Mainland.

On the Horizon...It's beginning to look a lot like...*Thanksgiving*. And Thanksgiving leads to the official start of the holiday season. Despite some lackluster earnings reports, the news appears generally optimistic for retailers as gas prices and a solid labor market provide the consumer with opportunities to spend at the malls (or online). Oil prices continue to drop in supply/demand mismatches and appear heading to the crucial level where further declines could offset the favorable effects for consumers and begin to negatively impact the economy as a whole. (So much for the newfound optimism over crude prices; there's a Negative Nellie in every crowd.)