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U.S. EQUITIES

U.S. stocks continued their steady rise since the unexpected election of Donald Trump. Many investors believe that Trump's policy proposals, including massive cuts to corporate tax rates and financial and environmental deregulation, will re-ignite growth, inflation and higher interest rates.

a) ***Dow Jones +0.26% MTD +4.34% YTD +10.98%*** b) ***S&P 500 +0.89% MTD +2.83% YTD +8.87%***
c) ***Russell 2000 +2.62% MTD +10.53% YTD +17.34%***

Drivers: I) ***The stock market rally following Donald Trump's presidential election*** victory has ***lured retail investors back to the bullish camp, propelling small-cap stocks to their longest win streak in over a decade. The Russell 2000 Index has rocketed 13.2% the first 10 days of the current streak***, the best performance for a 10-day period since the index's inception in July 1987.

II) ***The American Association of Individual Investors said 46.7% of those surveyed in the week ended Nov. 16 were bullish on stocks, the highest level in 21 months***. That broke a streak of 55 weeks below 40%, which was the longest such stretch since the survey began in July 1987, which coincidentally was the same month the Russell 2000 was launched. The surge in the number of bulls began with the survey ending the day after Trump was elected president November 9th.

III) ***Sales at U.S. retailers surged in October to finish the best two-month stretch since early 2014***, offering more proof that the dramatically ***improved jobs market is encouraging Americans to spend*** and keep the economy growing at a steady pace. Retail sales jumped 0.8% last month after a revised 1% gain in September. Economists had forecast a seasonally adjusted 0.7% advance.

IV) ***Consumer inflation rose in October at the fastest rate in six months, and although the rise was due to more expensive gasoline***, rising price pressures are likely to prompt the Federal Reserve to carry through with an increase in interest rates before year end. The consumer price index jumped 0.4% last month in line with forecasts***. The CPI has risen at a 1.6% in the past 12 months, the largest increase in two years.***

V) ***Equity prices in November are higher with Small-Cap, Value and Financials leading equity price performance. The laggards for the month are Large-Cap and Growth Stocks, Consumer Discretionary and Staples***

Capitalization: ***Large Caps +3.05%*** (YTD +9.04%), Mid-Caps +4.17% (YTD +11.22%) and ***Small Caps +10.53%*** (YTD +17.34%). Style: ***Value*** *+**8.85%*** (YTD +22.65%) and ***Growth +6.88%*** (YTD +13.14%). Industry Groups (Leaders): Energy +3.70% (YTD +20.29%), ***Financial Services +12.27%*** (YTD +16.30%), Materials +3.31% (YTD +12.63%), Information Technology +0.41% (YTD +12.94%), Technology -0.16% (YTD +12.05%), Telecommunication +0.73% (YTD +10.91%), Utilities -6.36% (YTD +9.50%) and ***Consumer Staples -8.23%*** (YTD +2.17%). (Laggards): Healthcare +3.57% (YTD -1.59) and ***Consumer Discretionary -8.97%*** (YTD -0.97%).

EUROPEAN EQUITIES

The MSCI Europe index was higher last week rising +0.22%. European equities hit a three-week high last Thursday, as oil shares rallied with the surge in oil prices, while the market found support on indications the European Central Bank still stands ready to inject further stimulus into the euro-zone economy.

Drivers: I) ***A top ECB official called for a cautious approach to exiting the ECB's EUR1.7 trillion ($1.8 trillion) stimulus***, reinforcing investor expectations that the ***ECB will signal extending its bond-purchase program beyond March.*** "The fragility of the recovery calls for very cautious action," Yves Mersch, who sits on the ECB's six-member executive board. He pointed to the euro-zone's still-weak growth and inflation rates, as well as political risks.

II) ***Italy is holding a constitutional referendum on Dec. 4, and a defeat for Renzi's Democratic Party would make more difficult for the government to pass fiscal reforms, possibly prompting Renzi to dissolve his government.*** Italian lenders are being hit by "concern about the level of nonperforming loans, as well as a sub-par economy, and the increasing prospect that Italian Prime Minister Mateo Renzi might lose the vote.

III) ***Performance of European Indexes for the week, month-to-date and year-to-date. The MSCI Europe Index was down -2.02% for the week (MTD -3.35% YTD -6.05%).***

ASIAN EQUITIES

Asian equity markets were lower as emerging markets faced further selling pressure, with analysts expecting more declines, given that rate increases will likely cause a flight of capital back to the U.S. as investors reach for higher yields. The Dow Jones Asia Pacific Index was lower by -1.00% for the week, (MTD -3.71), (YTD +1.56%).

Drivers: I) ***The Bank of Japan last Thursday offered to buy an unlimited amount of Japanese government bonds at fixed rates*** for the first time since the introduction of a new policy framework, a sign of its concerns over recent rises in yields. The move is the first clear sign from the central bank that it intends to take action to ***keep a ceiling on rising yields***, and this took market participants by surprise.

II) ***In China, Retail sales rose a weaker-than-expected 10% in October from a year earlier***, slowing from September's 10.7% growth, the National Bureau of Statistics reported. In addition, industrial output which is a proxy for economic growth, expanded 6.1% in October from a year earlier, matching September's rate but remaining slightly below economist expectations.

III) Performance of Asian Indexes for the week, month-to-date and year-to-date. ***The Nikkei was higher by +3.41% (MTD +3.13% YTD -5.60%), the Hang Seng Index fell by -0.83% (MTD -2.60% YTD +1.96%) and the Shanghai Composite declined by -0.10% (MTD +2.98% YTD -9.79%).***

FIXED INCOME

Treasury yields finished last week at their highest levels since December, driven by rising inflation expectations and the market's near-certainty that the Federal Reserve will raise interest rates in December.

Performance: I) ***The 10-year Treasury was higher last week ending at 2.357% up from 2.152%. The 30-year yield rose last week climbing from 2.963% to 3.037%.***

II) ***Performance for the week, month-to-date and year-to-date. Barclays US Aggregate Bond was down -1.02% last week, MTD -2.33% and YTD +2.54%. The Barclays US MBS TR was lower at -0.90% last week, MTD -1.65% and YTD +1.75%. The Barclay's US Corporate HY Index fell by -0.35%, MTD -1.25% and YTD +14.28%.***

COMMODITIES

The DJ Commodity Index was higher last week by +0.83% and is down month to date -1.36% (YTD +7.80%) as oil rallied strongly on prospects that OPEC will be able to agree on productions cuts later this month.

Performance: I) ***The price of oil was higher last week by +5.70%***, rising from $43.12 to $45.58 and is down month to date -2.73% (YTD +11.96%). Oil posted its first weekly gain in a month as traders looked for clues as to whether ***members of the Organization of the Petroleum Exporting Countries will be able to complete a deal later this month to curb output.***

II) ***The ICE USD Index***, a gauge of the U.S dollar's movement against six other major currencies, ***was positive rising +2.37% from 98.99 to 101.34 for the week*** (MTD +3.03% YTD +2.69%). ***The U.S. dollar index hit a 13-year high*** following positive U.S. economic data and a day after further hints of a looming U.S. rate increase from Federal Reserve chief Janet Yellen.

III) ***Gold fell to its lowest close since February as strength in the U.S. dollar and growing expectations that the Federal Reserve will announce an interest-rate increase at its meeting in December*** pulled prices for the metal down for a second consecutive week. ***For the week gold was lower by -1.64% dropping from $1227.4 to $1207.3*** (MTD -5.17% YTD +13.73%).

HEDGE FUNDS

Hedge funds returns in November are mostly higher with the core strategies Equity Hedge, Event Driven, Distressed and Relative Value higher, while Macro is in negative territory.

Performance:

I) ***The HFRX Global Hedge Fund Index is higher at +0.41% MTD and +1.16% YTD.***
II) ***Equity Hedge has risen +0.91% MTD and is down -0.63% YTD.***
III) ***Event Driven is up MTD +1.14% and is higher YTD +8.26%.***
IV) ***Distressed Debt is higher at +0.42% MTD and is positive YTD +15.97%***
V) ***Macro/CTA has fallen by -1.04% MTD and is down -3.73% YTD.***
VI) ***Relative Value Arbitrage is higher at +0.19% and is down -0.05% YTD.***

ECONOMIC DATA WATCH AND MARKET OUTLOOK

As we head into next week, investors will probably think about the possibility of a continuation of the equity market rally that started with the election of Donald Trump as President. ***Since Election Day*** and Donald Trump's surprise presidential win, ***the Dow has climbed 2.9%, the S&P 500 has gained 2%, and the Nasdaq has risen 2.5%.*** The unquestioned leader of this rally has been Financials, which are up 11.0% since the election. Prospects for the market during a ***Thanksgiving holiday shortened week is low volume and low volatility***, as investors will digest turkey along with thoughts concerning the market's next move. All in all, the markets are still within striking distance of their all-time highs.

In turning to corporate earnings, with 95% of third-quarter earnings in the books, S&P 500 profits have risen 3.0% for the quarter from a year ago. This marks the first quarter of year-over-year gains since the beginning of 2015. ***That growth trend is expected to continue with fourth-quarter earnings currently estimated to grow by 3.4%, and fewer-than-average companies anticipating earnings results below the Wall Street consensus***. These are far better results than the expected -1.7% in earnings decline, that was expected at the start of the reporting season.

On the economic data front, the latest Federal Reserve minutes will be released on Wednesday 23rd November at 14:00 EST. The Fed minutes will be closely scrutinized for the underlying comments and rhetoric surrounding ***the potential outlook for monetary policy***. The overall impact should, however, be less marked than in most of the previous meetings given that the ***FOMC has indicated very clearly that rates will be increased at December's policy meeting unless there are exceptional circumstances***. There are likely to be specific references to the December meeting in the minutes.

The latest US durable goods report will be released on Wednesday November 23rd at 08:30 EST. The level of capital spending remains a very important focus for the US economy after generally weak investment levels since the financial crash. The Federal Reserve remains uneasy surrounding the investment outlook and has made frequent references to disappointing levels of capital spending in policy statements and speeches. From a near-term perspective, the overall impact is likely to be limited, especially as there is a very strong probability that ***the Fed will raise interest rates at the December meeting and only an exceptionally weak report could disrupt these plans.***

The latest Eurozone flash PMI data will be released on Wednesday November 23rd at 04:00 EST. The overall short-term market is likely to be relatively limited, but the data will have potentially important implications for ECB policy. Overall trends in growth will be important for overall sentiment surrounding the economic outlook and there will also be strong interest in the survey data on prices. In the previous survey, input prices rose for the seventh successive month and at the fastest pace since July 2015. Overall selling prices were, however, unchanged and the trend has remained very weak over the past year.