



1300 NW Briarcliff Pkwy, Ste. 120
 Kansas City, MO 64150
 913.948.6770
 816.399.0787

Weekly Market Update, January 2, 2018
Presented by Dawn Cramer

General market news

- Early Monday morning, the yield on the 10-year Treasury opened at 2.41 percent and the 30-year opened at 2.79 percent. The yield curve started 2018 significantly flatter than it did one year ago. The spread between the 3-month and 30-year Treasury rates fell from 2.52 percent to 1.46 percent over the course of 2017.
- In last week’s holiday-shortened week, U.S. markets finished modestly lower in lighter trading. The Nasdaq Composite posted the largest decline with a loss of 0.79 percent, as lower-than-expected iPhone sales weighed on Apple and the technology-focused index. The news also affected the S&P 500, as it posted a loss of 0.33 percent and was range-bound for much of the week. The Dow Jones posted the top performance of the three major U.S. indices, but it still declined 0.14 percent.
- On a sector basis, real estate, utilities, and industrials were among the top performers on the week, while telecom, financials, and technology were the notable detractors.
- International markets finished their year of strong performance last week with the MSCI EAFE Index up 0.95 percent and the MSCI Emerging Markets Index up 1.56 percent.
- There was only one major data point released last week. On Wednesday, the Consumer Confidence Survey surprised by declining by more than expected. This confidence measure was expected to decline to 128 points but fell to 122.1 points. The drop was largely due to differing opinions between Republicans and Democrats regarding their expectations for the economy in 2018.

Equity Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-0.33%	1.10%	21.82%	21.82%
Nasdaq Composite	-0.79%	0.50%	29.73%	29.73%
DJIA	-0.14%	1.92%	28.11%	28.11%
MSCI EAFE	0.95%	1.63%	25.69%	25.69%
MSCI Emerging Markets	1.56%	3.49%	37.51%	37.51%
Russell 2000	-0.42%	-0.41%	14.63%	14.63%

Source: Bloomberg

Fixed Income Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.46	3.54	3.09
U.S. Treasury	0.31	2.31	1.67
U.S. Mortgages	0.33	2.47	2.07
Municipal Bond	1.05	5.45	2.81

Source: Morningstar Direct

What to look forward to

The week ahead will be very busy for data releases and will give us a wide-ranging look at the economy.

On Wednesday, the Institute for Supply Management (ISM) will release its manufacturing survey, which is expected to tick down slightly from 58.2 to 58.0. This is a diffusion index where values above 50 signal expansion. So, even with the expected minor pullback, this would still be a very positive signal, indicating continued manufacturing strength driven by a weak dollar and strong global growth.

Also on Wednesday, the minutes from the Federal Open Market Committee (the Fed) meeting on December 13 will be released. Markets will be watching closely to see what they can learn about the recent tax reform legislation and what it might mean for interest rates in 2018. Markets will also watch how the Fed is looking at inflation, which continues to run below expectations.

On Friday, three reports will be released. First up—and most important—is the employment report. It's expected to tick down from 228,000 in November, which included a rebound from the hurricanes, to a more normalized 185,000, which would remain robust. This should take the unemployment rate down from 4.1 percent to 4 percent, while average hours worked should remain at a healthy 34.5 hours per week. Wage growth is expected to accelerate a bit, from 0.2 percent to 0.3 percent. If the numbers come in as expected, this would be a very positive data point indicating continued growth.

Next up will be the U.S. international trade gap report, where the trade deficit is expected to improve slightly from \$48.7 billion to \$47.4 billion. This would still indicate that trade was a drag on growth in the fourth quarter, however, and the risk appears to be to the downside.

Finally, the ISM's Nonmanufacturing index is expected to tick down from 57.4 in November to 57.3 for December. Similar to the ISM Manufacturing survey, this small decline would keep business confidence at high levels, and it would be a signal of continued expansion.

Brad McMillan, Senior Vice President, Chief Investment Officer, at Commonwealth, provides our advisors and their clients with market insights and analysis to help inform their investment decisions.

*****Please click the following link!*** <https://vimeo.com/channels/966267>**

Black-Eyed Peas for Good luck!

On New Year's Day, it is a common tradition for some folks to eat black-eyed peas. I had never heard of such a thing until I married my husband. His family always ate black-eyed peas on New Year's...for good luck, he said. So, I started making black-eyed peas on New Year's Day too, not that I believe in luck, or that anything one can eat will bring good luck, but to carry on his family tradition, and mostly because I LOVE black-eyed peas!

The eating of black-eyed peas for good luck is traced back to the time of the Civil War. These peas were food for livestock and later food for slaves in the South, so crops of peas were ignored by Sherman's troops. Simple, but nourishing, the black-eyed pea became an important source of food for survival. Thus, black-eyed peas brought luck!

What Does Tradition Say About How One Should Eat Black Eyed Peas?

Traditionally, in order to have luck and prosperity into the New Year, the following should take place: (taken from: <http://gosoutheast.about.com/od/restaurantslocalcuisine/a/blackeyedpeas.html>)

- served with greens (collards, mustard or turnip greens, which varies regionally), the peas represent coins and the greens represent paper money. In some areas cabbage is used in place of the greens.
- Cornbread, often served with black-eyed peas and greens, represents gold.
- For the best chance of luck every day in the year ahead, one must eat at least 365 black-eyed peas on New Year's Day.
- Black-eyed peas eaten with stewed tomatoes represent wealth and health.
- In some areas, actual values are assigned with the black-eyed peas representing pennies or up to a dollar each and the greens representing anywhere from one to a thousand dollars.
- Adding a shiny penny or dime to the pot just before serving is another tradition practiced by some. When served, the person whose bowl contains the penny or dime receives the best luck for the New Year, unless of course, the recipient swallows the coin, which would be a rather unlucky way to start off the year.

For **Spicy Crock-Pot Black-Eyed Pea Recipe** go here:

[http://veronicashealthyliving.com/blog/spicy-crock-pot-black-eyed-peas/ ?](http://veronicashealthyliving.com/blog/spicy-crock-pot-black-eyed-peas/)

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Dawn Cramer is a financial advisor located at Cramer Capital Management 1300 NW Briarcliff Parkway, Kansas City, MO 64152. She offers securities and advisory services as an Investment Adviser Representative of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. She can be reached at 913-948-6770 or at dawn@cramercapitalmanagement.com

Authored by the Investment Research team at Commonwealth Financial Network.

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