

# November 2017 Market Watch

Domestic markets rallied sharply during the month, led by steady economic expansion in the U.S. and overseas, strong corporate earnings, and speculation that Congress would finally pass a tax reform bill. Gross domestic product (GDP) is estimated to be on pace to grow between 2.5% and 3% in the fourth quarter, following growth of 3.1% in the second quarter and 3.3% in the third quarter. Over the past two months, the pace of consumer spending has reached levels not seen in nearly eight years. The positive trends throughout the year in areas such as consumer spending, home sales, and business investments collectively point to continued economic strength. Speculation on the results of the Republicans' tax bill is centered on the potential for a cut in corporate tax rates, which could boost after-tax corporate earnings as early as next year.

The Dow Jones Industrial Average (DJIA) was the best performing domestic index in November (+3.8% MTD), followed by the S&P 500 (+2.8% MTD) and Russell 2000 (+2.8% MTD). The NASDAQ Composite was this month's "laggard" (+2.2% MTD), but remains the best performer year-to-date (+27.7% YTD). The rally in stocks throughout the month was broad-based, as all eleven S&P 500 sectors finished November with positive returns. The Telecom (+6.0% MTD) sector was the best performer during the month, following news that the FCC plans to repeal net neutrality, which currently bars internet

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	11/30/17	11/23/17	%chg	10/31/17	%chg	11/30/16	%chg	Return*
<b>DJIA</b>	24,272.4	23,526.2	3.2%	23,377.2	3.8%	19,123.6	26.9%	22.8%
<b>S&amp;P 500</b>	2,647.6	2,597.1	1.9%	2,575.3	2.8%	2,198.8	20.4%	18.3%
<b>NYSE Comp Index</b>	12,627.8	12,390.8	1.9%	12,341.0	2.3%	10,838.5	16.5%	14.2%
<b>NASDAQ Composite</b>	6,8734.0	6,867.4	0.1%	6,727.7	2.2%	5,323.7	29.1%	27.7%
<b>Russell 2000</b>	1,544.1	1,516.8	1.8%	1,502.5	2.8%	1,322.3	16.8%	13.8%
<b>Japan Nikkei 225</b>	22,725.0	22,523.2	0.9%	22,011.6	3.2%	18,308.5	24.1%	18.9%
<b>MSCI EM (Emerging Markets)</b>	1,120.8	1,156.7	-3.1%	1,119.1	0.2%	862.8	29.9%	30.0%
<b>MSCI EAFE</b>	2,020.1	2,005.6	0.7%	2,002.5	0.9%	1,629.7	24.0%	20.0%
<b>FTSE 100</b>	7,326.7	7,419.0	-1.2%	7,493.1	-2.2%	6,783.8	8.0%	6.6%
<b>SSE Comp Index</b>	3,317.2	3,430.5	-3.3%	3,393.3	-2.2%	3,250.0	2.1%	6.9%

## US Equity Sector Performance

	November	YTD	1 Yr Ret.
<b>Consumer Discretionary</b>	5.1%	20.1%	20.2%
<b>Consumer Staples</b>	5.7%	11.0%	14.6%
<b>Energy</b>	1.8%	-5.6%	-3.8%
<b>Financials</b>	3.5%	19.8%	24.5%
<b>Health Care</b>	2.9%	22.9%	23.8%
<b>Industrials</b>	3.9%	18.8%	19.4%
<b>Information Tech</b>	1.1%	38.8%	41.0%
<b>Materials</b>	1.0%	21.5%	21.6%
<b>Telecom</b>	6.0%	-6.6%	0.9%
<b>Utilities</b>	2.8%	19.4%	25.3%
<b>Real Estate</b>	2.8%	11.0%	15.7%

## US Equity Style Performance

	November	YTD	1 Yr Ret.
<b>Dow Jones Utilities</b>	2.3%	16.8%	21.8%
<b>AMEX DJ TRANS Avg.</b>	5.6%	15.1%	16.0%
<b>Russell 1000 Value</b>	3.1%	12.0%	14.8%
<b>Russell 1000 Growth</b>	3.0%	29.2%	30.8%
<b>Russell 2000 Value</b>	2.9%	8.9%	13.4%
<b>Russell 2000 Growth</b>	2.9%	22.0%	23.7%

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International markets finished November mixed. Japan's Nikkei 225 continued to outperform, finishing up +3.2% MTD, following the October elections. The FTSE 100 and SSE Composite Index continued to underperform other international indices, with each finishing November down -2.2% MTD. Year-to-date the MSCI Emerging Markets index (+30.0% YTD) has been the best performer.

The yield curve continued to flatten throughout the month, as investors largely expect the Federal Reserve to raise benchmark interest rates at their December meeting. This has led to a greater rise in interest rates at the short end of the curve, while yields on longer dated treasuries remain flat to down over the past year. Bond prices move inversely to bond yields, therefore an increase in bond yields results in a decline in bond prices and vice versa. The yield on the 3-Month U.S. Treasury bill increased twelve basis points (bps) to 1.27%, while the yield on the 30-Year U.S. Treasury bond decreased five bps to 2.83%.

The Bloomberg Commodity Index declined slightly during the month (-0.6% MTD), despite a rally in oil prices. Crude oil rallied +5.6% MTD to reach \$57.40/barrel, while gold finished slightly positive (+0.5% MTD) to finish November at \$1,276.70/ounce. The U.S. Dollar Index decreased during the month (-1.5% MTD) and is sharply lower than where it stood at the beginning of the year (-9.1% YTD). A weaker U.S. currency is seen by some experts as a positive for U.S. corporate profits as it makes exports less expensive for foreign buyers and increases the value of companies' international earnings. Roughly 30% of the S&P 500 earnings are derived internationally.

## Bond Markets (%)

	11/30/17	1 Mth Ago	1 Yr Ago
US Benchmark Bond – 3 Mth	1.27	1.15	0.48
US Benchmark Bond – 6 Mth	1.44	1.28	0.61
US Benchmark Bond – 2 Yr	1.79	1.59	1.12
US Benchmark Bond – 5 Yr	2.14	2.01	1.84
US Benchmark Bond – 10 Yr	2.42	2.38	2.39
US Benchmark Bond – 30 Yr	2.83	2.88	3.04

## Commodities (In US dollars)

	11/30/17	1 Mth Ago	1 Yr Ago
Gold	1,276.70	1,270.50	1,173.90
Crude Oil	57.40	54.38	49.44
US Dollar Index	93.00	94.43	101.54
DJ UBS Commodity IDX	85.70	86.19	86.00

## US Bond Sector Performance

	November	YTD	1 Yr Ret.
Bloomberg Barclays U.S. Aggregate Govt. Intrm.	-0.30%	0.10%	1.1%

## Interest Rates (%)

	11/30/17	1 Mth Ago	1 Yr Ago
Prime Rate	4.25	4.25	3.50
Federal Funds Rate	1.16	1.16	0.38
Libor Rate 30 Day	1.36	1.24	0.62
Libor Rate 3 Months	1.48	1.38	0.93
30yr Fixed Mortgage	3.90	3.94	4.08

## Exchange Rates (per US dollar)

	11/30/17	1 Mth Ago	1 Yr Ago
Canadian Dollar	1.288	1.289	1.345
Mexican New Peso	18.606	19.130	20.473
Euro	0.839	0.858	0.943
British Pound	0.739	0.753	0.800
Swiss Franc	0.982	0.997	1.019
Chinese Yuan	6.611	6.627	6.887
Indian Rupee	64.480	64.771	68.449
Japanese Yen	111.905	113.630	113.945

## Economic Sentiment

	11/30/17	1 Yr Ago
Unemployment Rate	4.10%	4.60%
Average Single Family Home	289,300	277,300
Capacity Utilization	77.02%	75.50%

\*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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