

Performance Through Last Week End

Best ↑ ↓ Worst	MSCI ACWI Ex USA GR USD 1.6	Bloomberg Commodity TR USD 17.4	Bloomberg Commodity TR USD 22.4
	BBgBarc US Agg Bond TR USD 1.5	ICE BofA 1-3 M US Trsy TR USD 1.2	ICE BofA 1-3 M US Trsy TR USD 1.2
	S&P 500 TR USD 1.2	Wilshire Liquid Alternative TR USD -4.3	Wilshire Liquid Alternative TR USD -3.8
	Wilshire Liquid Alternative TR USD 0.6	FTSE WGBI NonUSD Hdg USD -9.8	S&P 500 TR USD -9.6
	FTSE WGBI NonUSD Hdg USD 0.5	BBgBarc US Agg Bond TR USD -11.4	FTSE WGBI NonUSD Hdg USD -10.9
	S&P Global Property TR USD 0.4	S&P 500 TR USD -13.3	MSCI ACWI Ex USA GR USD -11.3
	ICE BofA 1-3 M US Trsy TR USD 0.1	MSCI ACWI Ex USA GR USD -13.8	BBgBarc US Agg Bond TR USD -11.6
	Bloomberg Commodity TR USD -0.3	S&P Global Property TR USD -21.4	S&P Global Property TR USD -17.4
		Last Week	Year-To-Date

What's up with this? Both the equity and fixed-income markets have now risen for two weeks straight. I am not sure whether to remain stunned or simply celebrate! Specifically, domestic stocks increased another 1.2%, bringing their year-to-date loss to -13.3%. Bonds rose an outstanding 1.5% over the prior five trading days, year-to-date this asset class now resides with a -11.4% loss.

So why the mood swing? Well, it's all about baseline interest rates and FOMC prognostications. On Wednesday, Chairman Jerome Powell indicated in no uncertain terms that the coming rate increase this month will be 50 bps, which is smaller than the previous 75 bps rate increases of late. And even though he also stated the labor market remained overheated and needed to cool more before the Fed can realistically think of transitioning back to a dovish stance, market participants heeded little attention.

This may be a mistake as Friday's announcement that employers added 263,000 jobs for November continued the trend over the past few months of strong job growth. The Labor Department also stated that the unemployment rate remained at 3.7% and average hourly earnings grew 5.1% in November from a year earlier.

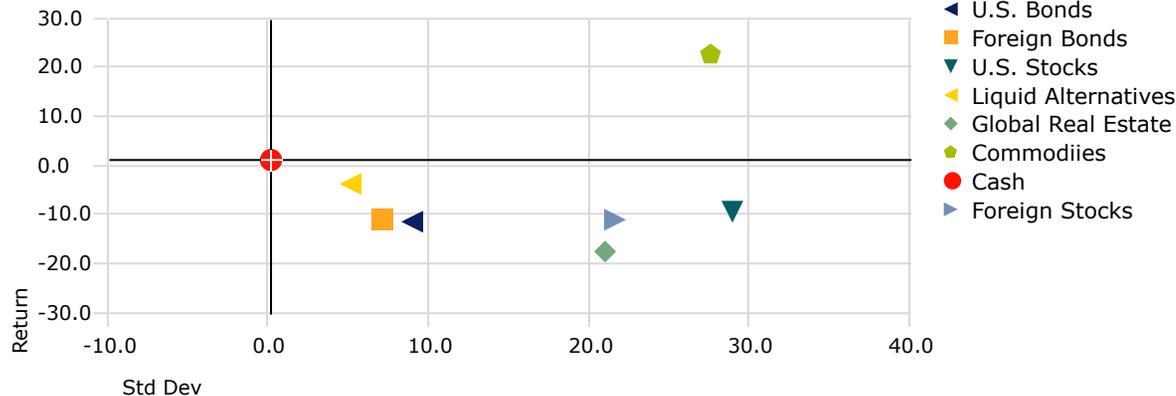
It's a quiet week for economic releases so enjoy the holiday season and keep your fingers crossed for more good market news.

Economic Data	Current	Previous
GDP (QoQ) - Q3	2.9%	-0.6%
Unemployment Rate - Nov	3.7%	3.7%
Consumer Confidence - Nov	100.2	102.2
CPI (YoY) - Oct	7.7%	8.2%
Core Retail Sales (MoM) - Oct	1.3%	0.1%

Economic Calendar for the Week

Monday	ISM Non-Manufacturing PMI (Nov)
Tuesday	EIA Short-Term Energy Outlook
Wednesday	Crude Oil Inventories
Thursday	Initial Jobless Claims
Friday	PPI (MoM) (Nov)

1 Year Risk-Reward



Bloomberg Barclays US Aggregate Bond TR USD

The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

FTSE WGBI Non-USD Hedged USD

The index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds of all WGBI countries except the United States and is stated in US dollar terms. It is a subset of Citigroup World Government Bond Index (WGBI).

S&P 500 TR USD

The index measures the performance of 500 widely held stocks in US equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. It is market capitalization-weighted.

MSCI ACWI Ex USA GR USD

The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

Wilshire Liquid Alternative TR USD

Wilshire Liquid Alternative Index aims to deliver a precise, broad market measure for the performance of diversified liquid alternative investment strategies that are implemented in mutual fund structures.

Bloomberg Commodity TR USD

The index measures the performance of future contracts on physical commodities which traded on US exchanges and London Metal Exchange. The commodity weightings are based on production and liquidity, subject to weighting restrictions applied annually.

S&P Global Property TR USD

The index defines and measures the investable universe of publicly traded property companies. The index is ideal for a range of investing activities, including benchmarking active funds and setting the foundation for passive funds. The S&P Global Property divides into two sub-indices: S&P Developed Property and S&P Emerging Property.

ICE BofA 1-3 Month US Treasury TR USD

Is an unmanaged index tracking 1-3 month U.S. government securities. The index is produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

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