

For the week ending November 24, 2017

Well, we made it through Thanksgiving. No word on how “Black Friday” went but we’ll know more next week.

It will be interesting to see how the spin unfolds in the face of changing shopping habits. This holiday shopping season is setting up to be pretty good with high consumer confidence, rising wages and low unemployment.

Last week, I gave you fine readers some insight into the Thanksgiving game from Detroit’s point of view. Since the Lions lost 30-23, here is a picture of the fans enjoying(?) the game. I think the lady in the foreground just realized she forgot to put the turkey in the oven. We’ll get ‘em next year. Sure.



The short week went well for investors. After a couple of down weeks we managed a gain in the main indices. Oil was up, gold was up and bonds little changed for the week. Next week, we have another look at 3Q GDP and the ISM index. Both are looking to be solid reports if the estimates are correct. If so, these reports support the investor confidence we have been seeing this year.

David A. Eckenrode
Director of Equity Management

Key Economic Releases for the coming week:

Tuesday, November 28th:

- ◆ Consumer Confidence; 124.0 expected

Wednesday, November 29th:

- ◆ 3Q GDP Revised; 3.2% expected

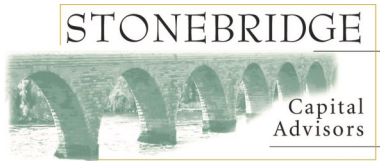
Friday, December 1st:

- ◆ ISM Index; 58.5 expected

Index & Price Changes for week ending 11/24/17

DJIA – 23,557.99	Rose 199.75 points
NASDAQ – 6889.16	Rose 106.37 points
S&P 500 – 2602.42	Rose 23.57 points
S&P Small Cap 600 – 925.25	Rose 18.34 points
90 Day T Bill – 1.27%	Yield Fell .01%
2 yr TSY – 1.74%	Yield Rose .02%
5 yr TSY – 2.06%	Yield Was Unchanged
10 yr TSY – 2.34%	Yield Fell .01%
30 yr TSY – 2.76%	Yield Rose .029%
Oil - \$ 58.85*	Rose \$2.02 per barrel
Gold - \$ 1292.50*	Rose \$16.50 per oz.
Unleaded Gasoline -\$1.78*	Rose \$.04 per gallon
Euro - \$ 1.1971	Rose \$.0137 against the \$

* Wholesale price for NY Mercantile Exchange traded contract



Stonebridge Market Wrap

November 24, 2017

Bond Market Commentary

The high-yield corporate bond market has shown some signs of weakening this month, widening spreads from historically tight levels. The high-yield municipal market however has shown no let up. Tax-exempt investors there are still moving more money into that market than they are taking out. Unlike the high-yield corporate market where spreads tend to reflect investors' economic expectations for the market, high-yield spreads in the municipal market more generally reflect supply and demand forces. We've followed and often talked amongst ourselves (with some fascination) about the number of large, high-yield tax-exempt deals that were officially priced at what seemed like unattractively low yields and tight spreads at the time—then, almost like clockwork continued to trade in large blocks at ever tighter spreads in the following days and weeks. And what's particularly interesting is that often times benchmark yields stayed relatively unchanged. It just underscores how much cash continues to chase yield right now in this environment. The next couple weeks will be telling if demand can continue to keep pace with supply in the market overall. While there is normally a last minute surge as bankers rush to get deals done before the close of the business year, December could see an additional pick-up in both advance refundings and private activity bonds (PAB's), both of which could be eliminated under tax reform. While it's not certain at this point what proposed terms will make it to a final tax reform deal, we expect a number of planned borrowings will get pushed up just in case they do.

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