

Stonebridge Market Wrap

December 22, 2017

For the week ending December 22, 2017

Next week is a short one as is the week that follows. Not only that but 2017 closes off at Friday's bell. Amazingly, the year was positive, bigly. I will not reiterate all of the positives but instead, focus on the gains after next week's close. Suffice to say, the year was a good one. I have been reading and hearing a lot about investors who will benefit but have not seen much about a very big beneficiary, underfunded pension plans. Many corporations have ditched defined benefit plans over the last decade or two because of the rising liabilities. Being less able to change to defined contribution plans like 401Ks, governmental entities (cities, counties, states and the like) as well as unions have tried mightily to stay in the game but find themselves in a deep hole, funding wise. The plan sponsors are finding that they have to curtail spending in other areas in order to close the funding gaps. Plans generally need to earn about 7% (or more) annually to keep the plan from deterioration and after a couple of years where 7% seemed like a fantasy, the returns of 2017 are a lifeline. A few more years like this (like what happened from 1995-1999) and we could go a long way toward mitigating this growing crisis.

The President signed the tax bill on Friday after it was passed by both houses on Thursday. Almost immediately, ATT and Comcast announced \$1000 bonuses and plans for more capital spending. Boeing announced a big plan for worker and charity spending and Wells Fargo and Fifth Third Bancorp had bonuses to boot. Apple is reportedly thinking of moving their over \$250 billion cash hoard back to the U.S., as well. Merry Christmas and Happy Holidays, folks.

...“and I heard him exclaim as he rode out of sight, Merry Christmas to all and to all a good night!”

David A. Eckenrode
Director of Equity Management

Key Economic Releases for the coming week:

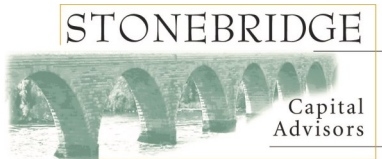
Tuesday, December 26th:

- ◆ Consumer Confidence; 128.0 expected

Index & Price Changes for week ending 12/22/17

DJIA- 24,651.74	Rose 102.32 points
NASDAQ- 6959.96	Rose 23.38 points
S&P 500- 2683.34	Rose 7.53 points
S&P Small Cap 600- 939.34	Rose 11.23 points
90 Day T Bill- 1.32%	Yield Was Unchanged
2 yr TSY- 1.89%	Yield Rose .05%
5 yr TSY- 2.25%	Yield Rose .09%
10 yr TSY- 2.48%	Yield Rose .12%
30 yr TSY- 2.83%	Yield Rose .13%
Oil- \$ 58.37*	Rose \$1.03 per barrel
Gold- \$ 1257.90*	Rose \$8.30 per oz.
Unleaded Gasoline- \$1.75*	Rose \$.09 per gallon
Euro- \$ 1.1854	Rose \$.0099 against the \$

* Wholesale price for NY Mercantile Exchange traded contract



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A New Market Wrap

Starting in the new year, there will be a change to the format of our weekly Stonebridge Market Wrap. While we have received many great responses on our weekly market wrap, we are looking to shift the format to better match our changing audience. Starting January of 2018, we will adjust from a weekly wrap format to a twice monthly research format. As stated, this change will provide two unique reading opportunities to you.

The first will come in the middle of each month where one of our experienced team members will write a multi-page research article on market and industry focused topics.

The second will come at the end of each month where we will do a monthly Stonebridge Market Commentary, in which we break down both the equity and fixed income markets.

As we make this switch in format, we welcome your comments, questions and concerns. If you would like to discuss in more detail please contact pkincade@stonebridgecap.com.

Thank you and have a happy new year!

The Stonebridge Team