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Week in Review

27 November 2017

This was a relatively light week for economic data heading into the US Thanksgiving holiday.

All the major markets that we track were up with the exception of China.

In the US, the NASDAQ finished the week up 1.41% as it reached record highs. The S&P500 also closed above 2600 for the first time with a strong week of 0.65% gains. The Dow also finished up 0.42%. The leading industries were Telecomm at 4.55%, Consumer Discretionary (2.17%), IT (1.87%) and Materials (1.82%). Laggards were Utilities at -1.25% and Real Estate at -0.25%.

In Europe, Switzerland was up 1.55% followed by Italy (1.46%) and France (1.34%).

Hong Kong saw the biggest gains in Asia as it raced another 2.29%. For the year, the Hang Seng is up an incredible 35.75%. India followed at 1.01% and Japan was next at 0.89%.

U.S. and North America

by Dave Schiller

The **FOMC** released minutes from their last meeting. Rates remained unchanged but inflation sparked a lively discussion and there is some disagreement on when to introduce the next rate hike. December could be that time.

The *PMI Composite Flash* saw some weakening in November. All measures are solid, however and there is relative parity between the services and manufacturing sectors. Underlying data does reflect good news and optimism is high.

Durable Goods Orders were down -1.2% in October to end a three month gain streak. Even with the contraction, there is some positive news in the report.

Jobless Claims continue to be strong even as the hurricane effects linger. There were 13k less new claimants for the week of 18 November than the prior week.

Existing Home Sales were up above consensus at 5.480M units changing hands. Home sales were up 2.0% for the month of October. Single family and condo sales were up 2.1% and 1.7% respectively. The Northeast led all the regions followed by the South and West.

Consumer Sentiment was up to 98.5 in November. That surpasses October's 98.1. This indicator has been pretty solid for much of 2017's economic expansion.

The *EIA Petroleum Status Report* indicates that crude oil inventories gave back the 1.9M barrel gain from the prior week. Gasoline stores were flat for the week of 17 November as well.

In **Canada**, *Retail Sales* were up 0.1% for the month of September. That was better than the 0.1% contraction in August, but well below expectations of a 0.9% increase.



Europe

by Dave Schiller

Earlier this week, German Chancellor Angela Merkel announced that talks have fallen apart in creating a coalition government. Currently, SPD party leader Martin Schulz is considering letting his group join the coalition in order to avoid new elections.

In the **Eurozone**, the European Central Bank released its October meeting minutes. Disagreements on the pace of QE as well as the length of the continuation of QE are apparent.

The *PMI Composite FLASH* surged above expectations at the headline level (57.5 vs 56.0). Manufacturing reached 60.0, which is a level not seen since 2000. Services also beat expectations (56.2 vs 55.0). This very well could help boost inflationary pressures across the region.

In the **UK**, *GDP* matched expectations at 0.4% for Q3 and 1.5% annually. Household spending was a positive contributor while fixed capital was a drag.

CBI Distributive Trades indicated strong retail sales in November. Forecasts show that strength continuing into December.

The *CBI Industrial Trends Survey* was also strong, up 17% in November. Exports climbed 20%. The outlook shows manufacturing doing well.

In **Germany**, the November *PMI Composite FLASH* was up almost a full point from last month at 57.6. Manufacturing led the way moving from 60.5 to 62.5. Services contracted from 55.2 to 54.9 although it was a tick better than expected. This will certainly help GDP.

The *Ifo Survey* was stronger than expected at 117.5 for economic sentiment and 111.0 for business expectations. Current conditions was lower than expected, but still at a robust 124.4.

GDP for Q3 was up 0.8% while the annual figure jumped to 2.8% from 2.1% prior period.

PPI matched expectations at 0.3% for October and 2.7% for the year.



In **France**, the *PMI Composite FLASH* was very strong at 60.1. Both Manufacturing (57.5) and Services (60.2) were higher than expected. Both segments has shown remarkable strength in the past several months.

The *Business Climate Indicator* moved higher in November to 112. This is the highest level since 2007.

In **Switzerland**, the *Merchandise Trade Balance* saw the surplus shrink from CHF2.82B in September to CHF2.33B in October. Exports grew to 5.0%.

Asia/Australia

By: Dave Schiller

In **Japan**, the *Merchandise Trade* report showed the trade surplus narrow from ¥668B revised in September to ¥285B in October. This was almost ¥45B less than expected. Exports fell short of consensus (and slightly below the prior month's level) at 14.0% growth. Imports, on the other hand, jumped from 12.0% in September to 18.9% in October. Those imports were driven by petroleum demand.

The Reserve Bank of **Australia** released the minutes from its 7 November meeting. Rates remain at 1.50%. Wage growth continues to be a major focus for officials. Wage growth has been soft for quite some time. Economic growth is expected to move from 1.8% from June 2017 to 3.25% by the end of December 2018. Inflation is expected to be slower.

In **New Zealand**, *Retail Trade* fell from a revised 1.8% in Q2 to 0.2% in Q3. Year over year growth slipped from 5.4% to 4.1%. The drop is largely attributed to peak tourism season coming to an end.

Merchandise Trade report saw the deficit narrow from NZ\$-1156M in September to NZ\$-871M in October. Exports grew to 16.2% (annualized) compared to imports rising to 15.0% (annualized).




Market Review

Index	Close	Week Change	% Week Change	% YTD Change
DJIA	23557.99	99.63	0.42%	19.20%
NASDAQ Composite	6889.16	95.87	1.41%	27.98%
S&P 500	2602.42	16.78	0.65%	16.24%
FTSE 100 (UK)	7409.64	28.96	0.39%	3.74%
DAX (Germany)	13059.84	66.11	0.51%	13.75%
CAC 40 (France)	5390.46	71.29	1.34%	10.86%
IBEX 35 (Spain)	10053.50	43.10	0.43%	7.50%
FTSE MIB (Italy)	22416.31	323.36	1.46%	16.54%
Swiss Market (Switzerland)	9325.60	141.99	1.55%	13.45%
Nikkei 225 (Japan)	22550.85	199.73	0.89%	17.98%
Hang Seng (HK)	29866.32	667.28	2.29%	35.75%
Shanghai Composite (China)	3353.82	-29.09	-0.86%	8.06%
S&P BSE Sensex (India)	33679.24	336.44	1.01%	26.49%
S&P/ASX (Australia)	6982.60	25.30	0.42%	5.59%
10-Year US Bond Yield	2.343%			

Source: Wall Street Journal. Past performance does not guarantee future results.

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