THE CAPITAL MARKETS

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The Dow Jones Industrial Average (DJIA) finished November at 34,484, down 3.73% for the month, up 12.67% year-to-date. The S&P 500 closed November at 4,567, down 0.83% for the month, up 21.59% so far for the year. The NASDAQ Composite gained 0.25% in November, up 20.56% for the year. Small-company stocks as measured by the Russell 2000, ended November down 4.28% for the month, up 11.35% year-to-date. Technology (2.99%) was the best performing sector in November.

> ***"After a relatively placid stretch across financial markets, investors have been confronted with several fresh worries that have triggered volatility in markets around the globe."***
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> (The Wall Street Journal, *Markets End Downbeat Week as Tech Stocks Fall, Omicron Weighs On Markets,* Gunjan Banerji, Dec. 3, 2021)

Markets Were Calm in November, Then Omicron Hit

As many families in the U.S. were happy to be wrapping up a more normal Thanksgiving meal this year, scientists from the World Health Organization and others were analyzing preliminary information on a new highly mutated variant of the COVID-19 virus, now known as the Omicron variant. The market's initial response was a sell-off, with the Dow Jones index falling 900 points in a lightly traded Black Friday session. At the time of this writing, however, while markets are still wrestling with elevated uncertainty and heightened volatility, major market indexes are within 2-3% of all-time highs. It's still too early to speculate on the variants biggest questions, such as how transmissible it is, the severity of illness, and its ability to evade vaccines. Markets, for their part, have gradually become more encouraged in the days since the initial sell-off. Following a period where many observers were questioning the market's complacency around risks associated with COVID-19 and particularly the Delta variant, some have viewed the risk-off response as a healthy correction for markets.

The second risk markets are now facing is an increasingly urgent Federal Reserve response to tightening monetary policy. With the labor market tight, and inflation broadening to more persistent areas such as wages and rents, Fed Chairman Jerome Powell has recently signaled that the winding down, or taper, of stimulative bond buying would be accelerated by about a quarter. Many observers believe this sets the stage for interest rate increases as early as next spring, well ahead of previous forecasts. While the easing of stimulative monetary policy is likely to cause some short-term volatility and pricing corrections, in this case it is reflective of a rapidly recovering economy at or near full employment, a positive environment for long-term investors. With uncertainty elevated on multiple fronts, we're encouraging investors to stay zoomed out to the long-term context of your investment experience. Investors should have a cash reserve of 6-12 months, a broadly diversified and balanced asset allocation appropriate for your risk tolerance, and otherwise seek to enjoy the holidays more than focus on the daily business headlines. We're honored and grateful to have made it through another year with our readers and our clients. Our prayers and best wishes are for you, your families, churches and communities to have a very Merry Christmas.

> ***"Many investors expect the Federal Reserve to raise interest rates next year after a prolonged period of keeping them near zero, a policy that has propelled the market to record after record over the past year... And the new Omicron variant of Covd-19 has emerged, injecting further volatility into the stock market as investors were already weighing rising inflation and the path of the economicrecovery... Traders and analysts said they expected continued volatility as people around the world learned more about the variant."*** (The Wall Street Journal, *Markets End Downbeat Week as Tech Stocks Fall, Omicron Weighs On Markets,* Gunjam Banerji, Dec. 3 2021)

Headline Jobs Number Disappoints in November, Other Data Promising

The economy added a disappointing 210,000 jobs in November, well below expectations for 573,000. Despite this miss on the headline number, much of the other data in the report was promising, including an increase in the labor force participation rate and a decrease in the unemployment rate. The labor force participation rate ticked up to 61.8%, the highest level since March 2020. Even with a rising participation rate, the unemployment rate managed to fall, ticking down to 4.2% from 4.6%, continuing a rapid decline from the 6.7% we saw last December. The monthly employment reports are a collection of employer and household surveys whose data have been particularly noisy during the pandemic. Recent headline numbers have seen meaningful revisions, mostly higher. Many considered the November report to reflect a strengthening labor market, and an economy that is approaching what economists consider full employment.

Market Metrics

INDEX OR METRIC	CLOSE AS OF 10/31/2021	CLOSE AS OF 11/30/2021	CHANGE PREVIOUS MONTH END	2021 YTD % CHANGE
Dow Jones Industrial Average	35,819.56	34,483.72	-1,335.84	+12.67%
S&P 500	4,605.38	4,567.00	-38.38	+21.59%
NASDAQ Composite	15,498.39	15,537.69	+39.30	+20.56%
RUSSELL 2000	2,297.19	2,198.91	-98.28	+11.35%
Fed Funds Rate	0.00%-0.25%	0.00%-0.25%	UNCHANGED	
2-Year Treasury	0.48%	0.52%	+0.04%	
10-Year Treasury	1.55%	1.43%	-0.12%	
Crude Oil $ per Barrel	$83.57	$66.18	-$17.39	+36.40%
Gold $ per Troy oz.	$1,783.90	$1,776.50	-$7.40	-6.26%
UK Point in U.S. $	$1.3708US=1£	$1.3230US=1£	$ SRONGER	-3.22%
Euro in U.S. $	$1.1573US=1€	$1.1256US=1€	$ STRONGER	-8.01%
Canada $ per U.S. $	$1.23955C=$1.00US	$1.2828C=$1.00US	$ STRONGER	+0.69%
Japan Yen per U.S. $	114.025¥=$1.00US	113.545¥=$1.00US	$ WEAKER	+9.98%