



Market Summary – November 14, 2016

For the week ending November 11

This summary is provided by BMT Wealth Management.

Election Update and Economics

The uncertainty around the 2016 U.S. presidential election came to an end last week. Donald Trump won the electoral vote and will be the 45th President of the United States.

Also worth noting, the Republican party retained control of both the House and Senate.

As the election results were becoming clearer on Tuesday evening (Nov. 8), in overnight trading investors began piling into safe-haven assets such as U.S. Treasury securities and gold, while equities quickly fell out of favor. The 10-year U.S. Treasury yield initially dropped, coinciding with the Dow Jones Industrial Average (DJIA) initial plunge of roughly 800 points.

Interestingly, investor pessimism and risk aversion quickly subsided, leading to higher equity prices and bond yields during the trading day on Wednesday (Nov. 9). The DJIA ended the day up roughly 257 points, and the 10-year U.S. Treasury yield jumped 20 basis points (0.20%).

On the economic front, initial jobless claims dropped to 254,000 last week, compared to 265,000 the prior week. The low number of weekly claims provides further evidence that the labor market continues to improve. As noted in last week's weekly summary, the unemployment rate dipped to 4.9%, a level many believe is at or close to full employment.

Equity Markets

The S&P 500 Index snapped its nine-day losing streak in dramatic fashion last Monday (Nov. 7), rising 46 points on the day, for a total return of 2.2%. For the remainder of the week, the Index added an extra 33 points and closed Friday (Nov. 11) at 2,164, leading to a weekly gain of 3.87%.

The Financial and Industrial sectors were the best-performing sectors last week, up 11.36% and 8.07%, respectively. Financial company prices benefited from investors' expectations that a steeper yield curve will lead to wider bank interest rate margins and overall increased profitability.

The Utility and Consumer Staple sectors lagged behind, falling 3.93% and 2.11%, respectively.

Fixed Income

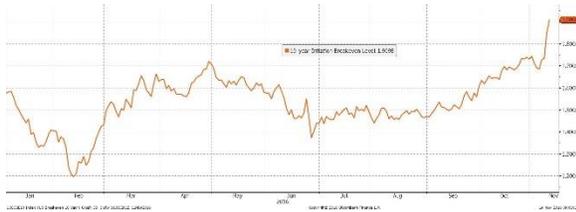
U.S. Treasury yields jumped last week to levels not seen since earlier in the year.

The two-year U.S. Treasury yield increased 13 basis points (0.13%) and ended the week at 0.92%, while the 30-year U.S. Treasury yield increased 38 basis points (0.38%) and ended the week at 2.94%.

The U.S. Treasury curve (the difference between the 30-year and two-year U.S. Treasury yield) steepened over the past week by 25 basis points (0.25%).

Since the election last Tuesday, investors have begun bracing for a potential pickup in inflation, coinciding with a potential pickup in government spending under the incoming administration. Ten-year breakeven levels increased over 20 basis points (0.20%) and ended last week at 1.91%, an indication that annual inflation will be 1.91% each year over the next 10 years.

**10-Year Inflation Breakeven Level
(expected annual inflation over the next 10 years)**



Source: Bloomberg Finance L.P.

Our View

We believe corporate profits will continue to be a key factor driving equity valuations, while short to intermediate maturities will remain our focus within fixed income.

BMT in the Press

Bryn Mawr Trust professionals are regularly sought after by the media for their insights on financial matters. The following is a highlight from the past week.

Wall St. Treads Water as Investors Await U.S. Election Outcome (11/8/2016)

Ernie Cecilia, Chief Investment Officer at BMT, spoke with [Reuters](#) on Election Day to weigh in on market activity. Ernie compared the uncertainty of the U.S. election results to the lead up to the Brexit vote, and he explained why stocks are flat as a result.

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