U.S. Equities December 2017

KEY HIGHLIGHTS

- The S&P 500® gained 0.98% in December, bringing its 2017 return to 19.42%.
- The Dow Jones Industrial Average® returned 1.84% for the month and was up 25.08% for 2017.
- The S&P MidCap 400® was up 0.07% for the month and up 14.45% for 2017.
- The S&P SmallCap 600® returned -0.71% in December, with an 11.73% return for 2017.

Exhibit 1: Index Returns

INDEX	1-MONTH (%)	3-MONTH (%)	1-YEAR (%)	2-YEAR (%)
S&P 500	0.98	6.12	19.42	30.81
Dow Jones Industrial Average	1.84	10.33	25.08	41.86
S&P MidCap 400	0.07	5.83	14.45	35.89
S&P SmallCap 600	-0.71	3.57	11.73	39.38

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

There were some losers, but overall 2017 has come in as a banner year, especially since the expectations were low. For the year, the S&P 500 added 19.42%, 21.83% with dividends; 2016 was up 9.54% and 11.96%, respectively, and 2015 was down 0.73% but up 1.38% with dividends. Nine of the eleven sectors posted gains; telecommunication services, which made a run for black and added 5.77% in December, ended the year off 5.97%. Meanwhile, 377 issues were up (182 of them up over 25%) and 125 were down (59 down at least 10% and 20 down at least 25%). In terms of aggregate dollars, the index added USD 3.55 trillion into investors' hands, along with another USD 420 billion in cash dividends, as it posted 62 new closing highs (second largest; 1995 had 77). While the world seems to revolve around the S&P 500, other year-end investments added support stats. The Dow® closed up 25.08%, as it posted 71 new closing highs—a new record (from 1896). Gold was up 13.3% (from USD 1,152 to USD 1,305), oil rose 11.5% (from USD 53.89 to USD 60.09), and VIX® was softer and less scary, closing at 11.04 from year-end 2016's 14.04.

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S&P Dow Jones Indices' Market Attributes® series provides market commentary highlighting developments across various asset classes.

As for 2018, expectations are high, with the "S&P 3,000 Club" growing—analysts calling for the S&P 500 to cross 3,000 in 2018, a 12.2% gain from here—with the aging bull (born March 9, 2009) now being referred to as a vintage wine, up 295%. The question is whether we should pop the cork or if income tax will recork the bottle for a new life. Taking the expectations for the index over 3,000 are the predictions of more money in corporate accounts, via lower taxes, as they spend more money on buybacks and add to the upward buying pressure of stocks, while consumers (hopefully) stimulate the economy via higher paychecks, achieved via lower withholding taxes.

For the first time ever, the S&P 500 posted total return gains for all 12 months (with a footnote for March 2017, which was down 0.04% but up 0.12% with dividends), as it now stands at a new record of 14 consecutive months of gains; the S&P Global Broad Market Index (BMI) also had a perfect year, with its run also being 14 months—but its gains were for stock and dividends (no footnote needed). Seven of eleven sectors posted double-digit gains, as energy was off 3.80% (-1.01% with dividends) and telecommunication services was down 5.97% and off 1.25% with dividends; the S&P 500 Telecommunication Services sector index is under review to become S&P 500 Communications next year, potentially with media issues. The S&P Global BMI added USD 9.60 trillion in market value, including developed markets' USD 8.09 trillion (U.S. was USD 4.1 trillion) and USD 1.52 trillion for emerging. The S&P 500 posted 62 new closing highs (70 from the election), versus 18 last year, tied for second place with 1964, and behind the record 77 in 1995 (when the market was up 34.11%). The Dow posted 71 new closing highs (88 from the election), versus 26 last year, setting a new record (dating back to 1896). The one-year bottom-up S&P 500 target price is 2,814, an expected 5.3% gain; the Dec. 13, 2016, target was 2,413, a 7.1% expected gain. For 2017, The Dow was up 25.08%, the S&P 500 increased 19.42%, the S&P MidCap 400 returned 14.63%, and the S&P SmallCap 600 rose 11.73%.

Buybacks slowed, as did their EPS tailwind, as companies set record earnings, making money not the old-fashioned way, but via cuts (although sales have ticked up, with record margins). Cash for the S&P 500 Industrials (Old) continues to go up, with over USD 1.6 trillion sitting on the side—making little, but still attracting a lot of attention (and more expected for 2018 with repatriation). There were only 8 days of 1% moves (lowest since 3 in 1964; 2013 had 134, with the record being 199 in 1932), 4 up (lowest since 1 in 1965) and 4 down (3 in 1965); 48 in 2016 and 78 in 2015. There were no 2% moves for the year (2.22% on Nov. 7, 2016, -2.45% on Sept. 9, 2016), compared to 9 last year (4 up and 5 down); 2005 was the last year with none. In larger moves, 50.60% of the issues moved at least 20% (221 up and 33 down), the highest since 2013's 71.03% (345 up at least 50% and 8 down). Intraday volatility (high/low) set a record low from the chart's 1962 start. Information technology accounted for 38.1% of the 2017 total return. Apple accounted for 7.44% of the S&P 500 return, with the top five companies (six issues: AAPL, MSFT, AMZN, FB, and GOOG/L) accounting for 23.72%. The Dow's stock price return saw Boeing (BA; up 89.4% for 2017) account for 959 of the 4,957 points, and General Electric (GE; off 44.8% for 2017) cost it only 97 points due to weighting, as IBM cost it 87 points.

Q4 2017 EPS is expected to set another record, as the trading may center more on corporate guidance for 2018, along with tax notes and changes in capital expenditure (with an unanswered question being where they will buy it). Most expect buybacks to increase, with some using the word "surge," as many believe we could have a new record year (and quarter), while buybacks and dividends (which could easily set another record in 2018—absent a major event) could finally pass the USD 1 trillion mark. Not much bar talk of exit strategies, which could be managers not wanting to talk about it, but given the run-up (time and size), how can you not have one (being greedy and therefore in too long is a different issue). Bitcoin and the other new and up-and-comers look like fun, and if I were younger (and able to move quicker) maybe I would get involved, but at my age, I think playing rugby would be safer for me.

The U.S. Senate Banking Committee approved Jerome Powell as the 16th Chair of the Federal Reserve for the term beginning on Feb. 1, 2018, with the vote now going to the full Senate, where it is expected to be approved. The Alabama Senate special election to pick a successor to replace former Republican Senator Jeff Sessions (who President Trump appointed as U.S. Attorney General) resulted in the election of a Democrat, as the heated election centered on improper sexual allegations against the Republican candidate. The result was that come Jan. 3, 2018, the U.S. Senate balance will be cut to 51 Republicans and 49 Democrats. The U.S. Federal Communications Commission voted to end net neutrality, which required broadband providers to treat all internet traffic the same; no immediate impact was expected from providers, and the issue became political (shocker). The House and Senate both passed another short-term spending bill on Thursday, Dec. 21, 2017, avoiding a potential Friday, Dec. 22, 2017, government shutdown. It was déjà vu all over again, as it was their third band-aid for the October 2018 budget—the first was in September, the second at the beginning of December, and now this one is good until Jan. 19, 2018; the president signed the bill on the morning of Friday, Dec. 23, 2017, as Congress recessed until Jan. 3, 2018.

Both the Senate (51-49) and House (224-201; they had to vote twice due to a procedural error) approved the USD 1.5 trillion income tax cut legislation (Republican term), as critics (Democrats) called it a corporate giveaway. After the passage (pre-signing), several U.S. companies (AT&T [T], Comcast [CMCSA]) said they may use the expected savings to pay workers a bonus (USD 1,000), or increase wages (Wells Fargo [WFC]), or add to employee-related activities (Boeing, USD 300 million) once the legislation was signed, which the president did.

The show went on in a cold and windy Chicago, when Bitcoin started its futures trading at the Cboe, as the globally watched event for the January delivery of the cryptocurrency opened at USD 15,000, passed USD 16,000 within minutes, and closed at USD 16,635. In between, trading was suspended for two minutes due to volatility (the exchange can suspend trading for a 10% move), and the Cboe web page went down due to heavy traffic. The CME started to trade Bitcoin futures contracts (BTC, for 5 underlying Bitcoins) the following week, competing with the Cboe Futures (XBT, for 1 underlying Bitcoin). As with most Wall Street events, the anticipation was larger than the event, but full trading had some excitement, including swings and variances from the underlying security—oops, should use the name Bitcoin since a “securities” classification is another issue. For the month, Bitcoin closed at USD 15,347, up from USD 9,615 last month, as it reached USD 20,000 during the month; it closed 2016 at USD 968.

The EU and UK reached a deal on Brexit divorce terms, subject to legislative approval, which included a potential USD 54-USD 60 billion payment from the UK to the EU. The next step will be negotiations on trade and jobs, which are seen as more relevant. Chile’s run-off presidential election returned former center-right president Sebastian Piñera to power, as the economy was a major issue.. Catalonia voted to maintain the separatist parties’ slight majority in regional elections (70 of the 135 seats), which was seen as a setback for Spanish Prime Minister Rajoy, who took direct control of the region in October 2017 after it had declared independence from Spain.

An explosive device went off during the morning commute at New York City’s Port Authority (near Times Square), injuring the suspected bomber. The suspect claimed responsibility and said the attack was inspired by ISIS.

The FOMC met, and as all expected, increased interest rates for the third time this year by 0.25%. In its release, the Fed said it anticipated three more rate increases in 2018 and two in 2019, and it expected unemployment to decline to 3.9% in 2018, with inflation at 1.9% in 2018 and 2.0% in 2020. The ECB also met and it kept its policies unchanged, saying it would continue to keep its interest rates low for an extended period of time and would add stimulus if needed. The Bank of Japan maintained its interest rate (-0.1%) and easing policy, as it gave no indication of when it would change either.

The November Manufacturing PMI came in at 53.9, when a decline to 54.5 from October's 54.6 was expected; the ISM Manufacturing Index came in at 58.2, slightly ahead of the 58.2 expected and down from October's 58.7 level. The Services PMI for November came in at 58.2, down from the estimated 58.4 (and October's 54.7); the IMS Non-Manufacturing Index came in at 57.4, down from last month's 60.1 level and 59.0 estimate. The PMI Composite Flash report came in at 53.00, down from the prior 54.6 reading, as Manufacturing picked up to 55.0 (from 53.8), but Services declined to 52.4 (from 54.7). The November PPI Report posted a 0.4% gain, when a 0.3% gain was expected; the year-over-year rate was up 3.1%. November CPI came in as expected, up 0.4%, and the year-over-year rate was 2.2%. Core CPI, however, came in lower than expected, up 0.1% when a 0.2% gain was expected, and the year-over-year rate was 1.7%. Personal Income and Outlays increased 0.3%, when a 0.4% gain was expected, as Consumer Spending increased 0.6%, higher than the 0.5% expected. The PCE increased 0.2% (0.3% expected), as the year-over-year rate was 1.8%. Factory Orders for October declined 0.1%, when a deeper decline of 0.4% was expected, as September's growth was restated up to 1.55% from the originally reported 1.4%. Construction spending for October came in up 1.4%, much stronger than the 0.5% expected gain, and the year-over-year gain was 2.9%. Durable Goods Orders posted a 1.3% gain for November when a 2.0% gain was expected, as the year-over-year rate was 8.2%. Industrial Production for November posted a 0.2% gain when a 0.3% gain was expected, and Capacity Utilization ticked up to 77.1% from last month's 77.0% rate, but it missed the 77.2% that was expected. Imports for November posted a 0.7% increase, with a year-over-year rate of 3.1%, as Exports increased 0.5% (when a 0.3% gain was expected) and were also up 3.1% year-over-year. International Trade in Goods for November posted a USD 69.7 deficit (USD 67.7 was expected), as Exports came in up 3.0% (at USD 133.7 billion), as Imports were 2.7% higher for the month (to a record USD 203.4 billion). Consumer Confidence for December came in at 122.1, when a much higher 128.0 was expected (November was 128.6); economists and strategists hypothesized that income tax reform concern had a negative impact. Preliminary Consumer Sentiment for December came in at 96.8, when a higher 98.8 was expected. Retail Sales posted a strong 0.8% gain for November, when a 0.3% gain was expected. Wholesale Trade for October was down 0.5%, a deeper decline than the 0.1% decrease expected, as September was restated down to a 0.1% gain from the originally reported 0.3% gain. Business Inventories for October declined 0.1%, as expected; September was restated down to -0.1% from the originally reported flat reading. Retail Inventories grew 0.1% in November (down 0.1% in October), when they were expected to be unchanged, as Wholesale Inventories were up 0.7% (down 0.4% in October). The final Q3 2017 GDP reading came in at 3.2%, when it was expected to be unchanged from 3.3%; the GDP Price Index came in at 2.1%, as expected. The Leading Indicators Report for November came in up 0.4%, when a lower 0.3% gain was expected.

The Housing Market Index for December jumped to 74, when it was expected to be flat at 70 (as the prior month was restated downward to 69 from the originally reported 70). Housing Starts for November came in at an annual rate of 1.297 million units, when a lower 1.24 million was expected, as Permits came in at 1.298 million, when 1.27 million were expected. Existing Home Sales for November jumped to 2.4%, an annual rate of 5.81 million units (5.55 million were expected), and the year-over-year rate was up 3.8%. Pending Home Sales for November came in up 0.2%, when a 0.5% gain was expected. New Home Prices came in at an annual rate of 733,000 units, when a lower 650,000 units were expected; October was restated down to 624,000 from the originally reported 685,000 units. The FHFA House Price Index came in up 0.5%, when a 0.4% gain was expected, as the year-over-year rate was up 6.6%. The S&P CoreLogic Case-Shiller National Home Price Index came in up 0.7% for October, and the year-over-year rate was 6.2%.

The ADP Private Employment Report posted a net gain of 190,000 new jobs for October, slightly more than the 186,000 that were expected (October was 235,000 and September was 110,000). Productivity for Q3 2017 was reported at 3.0%, when a higher 3.2% rate was expected, as costs declined 0.2% when a gain of 0.3% was expected. The November Employment Report showed a net gain of 228,000 new jobs when a lower 190,000 was expected, as the prior month was restated downward to 244,000 from the originally reported 261,000. The unemployment rate remained unchanged at 4.1%, and the participation rate was also unchanged, at 62.7%. Average hourly wages increased 0.2% (to USD 26.55, up USD 0.05 from October), when a 0.3% gain was expected, as the year-over-year gain was 2.5% (it was 2.4% in October). The average work week was unchanged at 34.4 hours. There was little pre-market reaction to the news—a slight uptick in futures, as another positive report was booked. The October JOLTS Report posted 5.996 million current job openings ready to be filled, missing the 6.1 million estimate and down from September's 6.117 million (restated up from the originally reported 6.093 million). Infrastructure and technology issue General Electric, off 44.0% for 2017, said it would lay off 12,000 employees in its power division as part of its USD 1 billion restructuring (GE has approximately 295,000 employees).

In M&A, retail drug and health store CVS (CVS) was reportedly ready to buy insurance issue Aetna (AET) for USD 69 billion in cash and stock. Entertainment issue Walt Disney (DIS) has reportedly restarted discussions, as the favorite, to buy specific assets of 21st Century Fox (FOXA). Related, reports said Disney CEO Robert Iger would delay his July 2019 retirement to complete the deal and integrate the companies. UK movie chain issue Cineworld said it would buy Regal Entertainment (RGC) for USD 3.6 billion. Reports said that nonprofit hospital owners Ascension and Providence St. Joseph were in merger talks. Combined, they control 191 U.S.-based hospitals; the current largest owner is HCA Healthcare (HCA), which has 177 hospitals. Cable issue Comcast (CMCSA) said it was ending its discussions to acquire any entertainment assets of 21st Century Fox (FOXA), while Disney later said it would purchase specific assets (films, TV studios, cable business) from Fox for USD 52.4 billion in stock. Australian mall owner Westfield (WFGPY) said it would acquire European competitor Unibail-Rodamco (UNRDY) for USD 15.7 billion. KKR said it would purchase Unilever NV's margarine and spread unit for USD 8 billion. Aircraft issue Boeing said it was in merger talks with Brazilian aircraft maker Embraer (ERJ).

As Q3 2017 becomes a successful memory, Q4 2017 appears ready to step into its footprint, as 13 of the 16 off-fiscal issues that have reported to date beat estimates. The Q4 2017 estimates have held their ground, declining a minor 1.5% from the end of September, projecting another new record for Q4, as well as a record level for 2017, up 9.5% from the preliminary Q3 2017 posting. At this point, information technology again appears to be the sector to watch. It is expected to contribute the most to earnings; the estimates point to a 28.0% year-over-year Q4 2017 gain to a new record level. The 2018 estimates have started to tick higher, up 0.5% from the September estimate. Estimates are expected to change, with most expecting them to increase, as companies give guidance on the impact of income taxes. Now all the market needs to do is "survive" until the earnings season starts in mid-January 2018.

While the announced results will dominate the second half of January (65% expected by the end of January), guidance may have an even greater impact on trading, as the impact of income and repatriation are projected. Also relevant in announcements will be the predicted level of capital expenditures, which are expected to get a boost from the higher depreciation schedule in the tax legislation. What we most likely won't easily get (and that's what all those research analysts are for) is what and where those purchases will be made. While make and buy in the U.S.A. may be the prevailing battle cry in Washington, not all products are made in the U.S.A. (or as competitive), leading to some increased business for those on the other side of the coasts (as compared to the heartland of in between the coasts).

As for 2018, at this point the impact of income tax has just started to be seen in estimates (but is in the market price), as changes are expected to start coming in quickly. The current estimates already project a healthy 16.3% EPS gain, resulting in an 18.5 P/E, which is historically high. If the estimates don't reflect the tax benefits yet (or the economic expansion and increased consumer spending), then the current 18.5 P/E may be reasonable, but if they do, then things could get bumpy.

On an issue level, Wells Fargo (WFC) said it would trim workers in its mortgage unit. Retailer Target (TGT) said it would purchase start-up grocery delivery company Shipt for USD 550 million in an effort to have same-day delivery in approximately one-half of its stores in 2018. Israeli pharmaceutical issue Teva Pharmaceutical (TEVA) said it would cut 14,000 jobs, as it suspended its dividend. Starboard Value LP said it holds 9.9% of online car research issue Cars.com (CARS). Alphabet's (GOOGL) executive chairman Schmidt said he would resign from his position but continue as a technical advisor and maintain his position on the board. Apple (AAPL) acknowledged that it used software upgrades to slow down computing power for iPhone6 and 7 units to prevent unexpected shutdowns, as suits against it were filed, seeking class action status.

S&P Dow Jones Indices said it would add S&P MidCap 400 builder and ship overhaul issue Huntington Ingalls Industry (HII) to the S&P 500, as it removes C.R. Bard (BCR) (which is being acquired by S&P 500 issue Becton Dickinson [BDX]), before the opening on Jan. 3, 2018.

Also of note, Wal-Mart Stores (WMT), said it would change its name to Wal-Mart Inc., effective Feb. 1, 2018. Oil producer Chevron (CVX) said it would spend USD 18.3 billion on capital projects in 2018, a 4% decline from 2017 (and the fourth yearly decline: 2015-2018). Saudi Arabian Oil Company (which was expected to do an IPO in 2018), the world's largest oil company, said it would increase its planned 10-year spending to USD 414 billion, up 25% from its plan outlined last year. Life expectation for the U.S. (in 2016) declined for the second year in a row (to 78.6 years, from 78.7 in 2015 and 79.9 in 2014), as opioid-related deaths (63,600 in 2016) were cited as a cause. The last time there were back-to-back declines was in 1962-1963.

Yields, rates, and commodities remained active. Interest rates moved slightly in December, but it was more a function of the approved U.S. income tax legislation (which mostly takes effect in 2018); it was the FOMC's third interest rate increase of the year. The 10-year U.S. Treasury Bond closed at 2.41%, down from last month's 2.42% and 2016's 2.45% year-end level. The 30-year U.S. Treasury Bond closed at 2.75%, down from last month's 2.84% and lower than the 3.07% level from year-end 2016. The euro closed at 1.2000, up from last month's 1.1909 (1.0520 at year-end 2016); the British pound closed at 1.3498, down from last month's 1.3531 (1.2345); the yen closed at 112.68 from last month's 112.57 (117.00; reverse reference, which is usually used); and the yuan closed at 6.5070, down from last month's 6.6124 (6.9448). Gold closed at USD 1,305.00, up from last month's USD 1,277.70 (year-end 2016 USD 1,152.00). Oil moved up to close the month at USD 60.09 from last month's USD 57.35 (USD 53.89). U.S. gasoline pump prices (all grades) increased, closing the month at USD 2.589, up from last month's USD 2.562 per gallon (USD 2.364). VIX, "the fear factor," closed the month at 11.04, down from last month's 11.30 close (14.04 at year-end 2016; 23 before the U.S. Nov. 8, 2016, election); it traded as high as 14.58 and as low as 8.90 in December.

November's record regular cash dividend led to a 2.0% decline year-over-year for December (although if adjusted for General Electric's cut, the month would have been up 1.5%), as the quarter ended with a record payment of USD 109.5 billion (Q3 2017 was USD 105.4 billion), or USD 12.78 per share (USD 12.31), with a record 2017 payment of USD 419.8 billion (2016 was USD 397.2 billion), or USD 48.93 per share (USD 45.75 for 2016).

For the S&P 500, 2017 marked the eighth consecutive year of dividend growth and the sixth consecutive year of record payments. Dividend growth, which had posted four years of double-digit increases from 2011 through 2015, slowed again in 2016 to 5.44% (the fifth year of declines), as energy issues significantly decreased their payments, and the average dividend increase was smaller. In 2017, energy stabilized, but GE reduced its dividend by USD 4.2 billion, companies (in general) increased the size of their dividends, producing a gain of 6.96% over the 2016 payment. At this point, based solely on the declared dividend rates and polices, 2018 has a 2.3% increase baked into its payments, which would be another record year. That 2.3% gain excludes any 2018 actions or membership changes. Given that 328 issues in the S&P 500 increased their dividends 356 times this year (320 in 2016 did so 351 times), and that S&P 500 companies will get a noticeable tax decrease in 2018 (not to mention the ability via repatriation to get some of their record cash reserves at a lower rate), the potential for a return to double-digits is there, but at this point I would much rather take a bet on a double-digit gain in buybacks (note: buybacks are temporary and can be turned on and off via a phone call, dividends are a pure cash-flow item and once increased carry an uncomfortable penalty for decreasing). The average dividend increase for December was 10.07%, down from November's 10.30% and down from October's 11.57%; for 2017, the average increase was 11.20%, up from 10.51% in 2016 and 13.08% in 2015.

INDEX REVIEW

S&P 500

For December 2017, the S&P 500 posted a 0.98% increase (1.11% with dividends), its ninth consecutive monthly gain (13 of 14 from November 2016; March 2017 was down 0.04% but up 0.12% with dividends), as it posted its first ever perfect year, in which all 12 months were up on a total return basis. The index set five new highs (seven last month), posting 62 for 2017 (18 in 2016, 10 in 2015, and 52 in 2014), second only to the 77 posted in 1955. The three-month gain was 6.12% (6.64% with dividends), as the index was up 19.42% in 2017 (21.83%), and the gain since the Nov. 8, 2016, election was 24.96% (27.90%).

In sectors, 7 of the 11 groups gained for the month, down from all 11 last month and matching October's 7. Telecommunication services again did the best, as it added 5.70% for the month, after rebounding 5.90% in November; the sector was seen as benefiting from income tax reform, and some bottom-fishing also appeared to help. The two-month run, however, was not enough to turn the sector's 2017 performance positive, as it posted a 5.97% decline (-1.25% with dividends), remaining the worst sector in the index. Similarly, energy had a good month, as oil topped USD 60, with the sector up 4.74% for the month, but it also fell short for the year, down 3.80% (down 1.01% with dividends). Utilities did the worst, falling 6.36% for the month, as risk was on and safety discounted; the sector posted an 8.32% 2017 gain (11.86% with dividends). Information technology held its ground, off 0.03% in December, and it posted the best performance for 2017, up 36.91% (38.83% with dividends). Consumer stocks did well, as consumer discretionary added 2.28% and consumer staples added 1.96% for the month. For the year, however, they varied, returning 21.23% (22.98% with dividends) and 10.46% (13.49% with dividends), respectively.

Breadth was positive, but declined, as the index posted slow gains, with some profit taking and reallocations. For the month, 281 issues gained (an average of 4.59% each), down from last month's 385 and the prior month's 318 gainers, with 26 of them up at least 10% (65 last month), while 224 were down (an average decline of 3.28%), up from November's 119 and October's 186, with 9 of them down at least 10% (10 last month). For the three-month period, 371 issues gained (an average of 10.35% each), with 164 up at least 10% (average 16.93%), as 133 declined (an average decline of 7.19%), with 38 down at least 10% (average loss of 16.05%). For 2017, breadth remained strongly positive; 377 issues were up (average 28.44%), with 182 of them up at least 25%, and 125 issues were down (average loss of 13.64%), with 20 of them down at least 25%.

The Dow

In 1896, 121 years ago, Charles Dow created a simple stock average of major companies in the U.S., which became known as the Dow Jones Industrial Average (and is now part of S&P Dow Jones Indices—where I live). Somewhere in capitalist heaven, he is smiling, as his narrowly focused group of stocks outperformed the other headline U.S. indices, along with most sophisticated, high-tech, new-wave, brain-child creations. In short (which if you applied to The Dow this year would have resulted in Chapter 9, not even 11), The Dow posted 71 new closing highs (88 from the election), versus 26 last year, setting a new annual record that dated back to 1896. For the year, The Dow posted a 25.08% gain, 28.11% with dividends, compared with the S&P 500's 19.42%, S&P MidCap 400's 14.63%, and S&P SmallCap 600's 11.73%. Part of the gain can be contributed to The Dow's price-weighted methodology, which saw Boeing (up 89.4% for 2017) account for 959 of the 4,957 points, as General Electric (off 44.8% for 2017) cost it only 97 points due to weighting) and IBM cost it 87 points. But that's the name of The Dow—average—and it appeared to be good in 1896, and it most assuredly was good in 2017.

For the month, The Dow closed at 24,719.22, up 1.84% (1.92% with dividends) from November's 24,272.35, and up 25.08% (28.11% with dividends) for 2017 (19,762.60), as it posted six new closing highs in December (last closing high on Dec. 28, 2017, at 24,837.51) and a record 71 for 2017. December was similar to the year—those who had been doing well continued, and those who had not been doing well also continued in the not column.

Earth-moving equipment issue Caterpillar (CAT) did the best, up 11.64% for December, up 26.36% for the quarter, and up 69.92% for the year (second best for 2017), as Boeing continued its climb up, posting a 6.54% December gain, 16.01% Q4 2017 advance, and an 89.43% increase for 2017, the best of any Dow issue. Home improvement store Home Depot (HD) added 5.40% (15.88% for the quarter), ending the year up 41.36%, as the hurricane fixing continued and consumers were spending and expected to continue to spend with the help of tax cuts. General Electric did the worst in December, off 4.59%, and it was off 27.83% for the quarter (also the worst) and off 44.78% for the year (again, the worst), as the issue continued to try and remake itself. Business systems issue International Business Machines (IBM) declined 0.36%, as it posted a 5.75% quarterly gain, but it was down 7.57% for the year. Apple posted a 1.52% decline for the month, as concern over sales grew, along with its need to issue an apology for not informing customers of battery difficulties (and the fix); the issue was up 9.80% for the quarter and up 46.11% for the year. Oil giant Exxon Mobil (XON) added 0.42%, as it posted a 2.02% quarterly gain and 7.33% 2017 decline. Disney gained 2.57% for December (up 9.07% for the quarter), ending the year up 3.16%.

S&P MidCap 400

The S&P MidCap 400 posted a slight decline in December, off 0.07%, after last month's 3.49% gain and October's 2.18% return. For the quarter, the index posted a 5.83% gain, as the year came in at 14.45%, down from last year's 18.73% gain. For the five-year period, the mid-cap index was up 86.25%, the lowest of the core indices.

Six of the eleven sectors posted gains for December, down from ten last month and eight in each of the prior two months. Sector returns varied based on the income tax expectations, as well as reallocations. Energy did the best, up 6.86%, as it posted a 16.80% Q4 gain, but it ended the year with a double-digit decline of 16.80% and a slight two-year decline of 0.93%. Consumer groups did better; consumer discretionary added 1.20% (9.59% for the quarter and 17.85% for 2017), and consumer staples gained 1.69% (up 5.00% for the quarter and 2.16% for the year). Telecommunication services rebounded 1.81% but remained deeply in the red for the quarter, off 6.28%, with a devastating -43.69% for 2017, the worst sector in any of the headline indices. Utilities did the worst for the month, off 5.45%, leaving it with a 1.85% Q4 gain and an 8.07% 2017 posting.

Breadth turned negative (as did the index), as 191 issues gained an average of 5.11% each, down from last month's 287 issues, while 206 issues declined an average of 3.96% each, up from 110 decliners in November.

Overall moves of at least 10% decreased; 28 gained at least 10% (an average 13.93% each), from 55 last month, and 9 declined at least 10% (an average loss of 19.02), down from 19 in October. For 2017, breadth was positive, as 254 issues were up (260 were up in November), and 140 issues declined (135 were down last month).

S&P SmallCap 600

The S&P SmallCap 600 continued its volatile role, falling into the red and posting a 0.71% decline for December (its first decline since August 2017's 2.69% fall). For the quarter, the small-cap index was up 3.57%, as the year came in with an 11.73% gain—all the lowest of the four core indices. Over the longer five-year period, the index still had the best return, up 97.69%.

Only 3 of the 11 sectors gained for December, down from 10 last month and 7 the month before that. Utilities did the worst; its decline was global, regardless of size, falling 6.10% for the month but remaining in the black for the quarter, up 0.59%, and posting a 15.77% 2017 gain. Telecommunication services fell 5.96% for the month, as its mid- and large-cap cousins gained; for the quarter, the sector fell 2.07%, with the 2017 return at -2.07%, which was much better than the large-cap sector's -5.97% or the mid-cap sector's -43.69%. Health care added 0.31%, ending the quarter up 6.14% and the year up 34.48%, the best of any small-cap sector. Information technology declined 2.62%, posting a -3.07% Q4 return, as the sector was up 9.81% for 2017 and up 46.32% for the two-year period.

For the month, breadth turned negative, as 237 issues gained an average of 6.89% each, down from last month's 417 issues (October had 314 gainers). On the down side, 357 issues declined, off an average 5.16% each, up from last month's 182 and October's 285 issues. Major gains of at least 10% were posted by 51 issues, with an average gain of 19.20%, down from 132 issues last month. Major decliners of at least 10% decreased to 42 issues (off an average of 13.38%) from last month's 63. Extreme movements had had only one issue up at least 25% (22 last month), with none down at least 25% (versus eight last month). For the year, breadth was positive, as 342 issues were up (355 last month) and 256 were down (243 last month), with 174 issues up at least 25% and 82 down at least 25%.

S&P Global BMI

Oh happy global days, when markets rose, and how they rose, as global markets posted their 14th consecutive monthly stock gain, which translated to all 12 months of 2017 being up—an event last seen…never (their last monthly drop was in October 2016, a 1.99% decline). For 2017, the S&P Global BMI added USD 9.60 trillion in market value into shareholders' hands, closing the year with a market value of USD 54.79 trillion.

For December, global markets added 1.54%, after November's 1.82% and October's 1.97%. Forty-one of the 47 markets posted gains, up from 28 last month and 30 in October. The U.S. posted a sub-par 0.87% gain, after November's strong 2.79% gain (2.07% in October), as the global ex-U.S. gain for December was 2.23%. For the final quarter of 2017, global markets gained 5.42%, and the U.S. posted a 5.83% gain, leaving globals up 4.99% excluding the U.S. For all of 2017, the U.S. underperformed; global markets were up 21.80% and absent the U.S.'s 18.90% return (with few in the U.S. complaining), they were up 24.93%. From the U.S. election (Nov. 8, 2016) to year-end 2017, the non-U.S. global market outperformed the U.S. gain, returning 25.42%, as the U.S. gained a tick less, at 25.39%. While the variance is small, the U.S. outperformed from the election to year-end 2016, accounting for 89% of the global gain, as the 2017 contribution declined to 42% (contributing 48% of the global gains since the election). Over the longer term, the U.S. still dominated the gains; the global three-year return was 24.20%, but absent the U.S.'s 29.20%, the three-year return was 19.16%.

Sector returns varied significantly, as the spread between the best and worst sector for the month was 8.41%. In December, 9 of the 11 sectors posted gains, down from last month's perfect 11 (9 in October). Energy did the best, up 4.51%, as it turned 2017 into a positive year, adding 2.77%—the lowest of any sector, but still positive. Materials, which did the worst last month (with a 0.49% gain), was next, as it added 4.09% for the month to close out 2017 with a 26.89% gain. Utilities did the worst, off 3.90% but up 12.07% for 2017. Financials added 2.08% and was up 20.50% for the year. Information technology declined 0.02% for the month, but led the sectors for 2017, up 39.37%. Health care added 0.36% for December, posting a 20.64% 2017 gain.

Emerging markets continued to vary, as they outperformed the general market, posting a 3.30% gain, after adding 0.22% in November and 2.53% in October. For December, 21 of the 22 markets gained, up from 11 last month and 15 in October. For the three-month period, emerging markets added 6.56%, and their full-year gain was 32.19%. Over the two-year period, they increased 43.12%, and the three-year return was up 20.45%. Chile did the best, up 16.71%, as it closed 2017 up 41.64%. Turkey added 14.23%, as it finished the year up 33.79%, while Qatar rebounded 12.10%, but ended the year in the red, off 16.77%. Mexico was the worst-performing market (and the only market in the red), off 0.98%, and it ended the year up a sub-par 12.86%. China was up 2.33%, as it posted a 46.03% 2017 return, with its three-year gain at 34.48%.

Developed markets underperformed for the month and year, as they gained 1.28% for the month (up 1.84% without the U.S.), after their 2.00% November gain and October's 1.90% gain. For the month, 20 of the 25 markets were up, up from last month's 16 and the prior month's 15. Overall, developed markets were up 5.28% for the three-month period (4.58% ex-the U.S.), up 20.72% for 2017 (23.16%), and up 25.26% from the Nov. 8, 2016, election (25.03% ex-the U.S.). New Zealand did the best, adding 6.35% and up 20.03% for 2017. Australia was next, up 4.80% for December and up 16.46% for the year, followed by the UK, which was up 4.71% for December and up 19.02% for 2017. Italy did the worst, off 1.33% but up 29.77% for the year, as Spain declined 1.03% and was up 22.78% for the year. Of note, Japan was up 0.86% and up 23.36% for the year; Germany posted a 0.33% gain and was up 28.19% for 2017; and Canada moved up 3.82% in December, posting a 13.75% 2017 gain.

PERFORMANCE RECAP

Exhibit 2: Monthly Returns

S&P 500	PRICE	1-MONTH (%)	3-MONTH (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	FR 12/99 (%)
Energy	533.41	4.74	5.27	-3.80	-9.07	0.08	150.75
Materials	378.94	1.75	6.40	21.39	24.13	59.47	136.90
Industrials	637.81	1.77	5.53	18.54	31.11	94.01	133.31
Consumer Discretionary	785.33	2.28	9.46	21.23	37.12	108.83	162.38
Consumer Staples	587.39	1.97	5.76	10.46	17.58	62.81	182.33
Health Care	956.32	-0.76	1.06	20.00	20.75	106.57	192.65
Financials	463.94	1.83	8.12	20.03	39.19	109.70	44.21
Information Technology	1106.18	-0.03	8.65	36.91	59.86	138.50	37.00
Telecommunication Services	166.07	5.77	2.28	-5.97	8.87	13.71	-48.55
Utilities	267.37	-6.36	-0.59	8.32	11.34	50.49	87.71
Real Estate	203.86	-1.00	2.34	7.17	8.50	34.78	-
S&P 500	2673.61	0.98	6.12	19.42	29.86	87.47	81.97
DOW JONES INDUSTRIAL AVERAGE	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**5-YEAR (%)**	**FR 12/99 (%)**
Dow Jones Industrial Average	24719.22	1.84	10.33	25.08	38.69	88.64	115.00
S&P MIDCAP 400	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**5-YEAR (%)**	**FR 12/99 (%)**
Energy	422.18	6.86	9.61	-16.80	-34.69	-39.29	140.61
Materials	511.92	1.89	5.70	19.57	37.34	75.50	361.32
Industrials	1024.61	1.42	8.29	22.18	48.61	112.34	475.57
Consumer Discretionary	795.66	1.20	9.59	17.85	15.78	79.22	300.00
Consumer Staples	1726.91	1.69	5.00	2.16	9.46	100.17	891.24
Health Care	1597.71	-0.61	1.86	22.22	44.04	158.24	803.10
Financials	1010.74	-0.74	5.74	11.94	44.71	96.59	205.50
Information Technology	2312.38	-1.39	6.35	24.37	50.05	106.64	174.42
Telecommunication Services	147.50	1.81	-6.28	-43.69	-45.90	-21.42	-68.82
Utilities	527.86	-5.45	1.85	8.07	21.66	72.43	281.07
Real Estate	227.79	-0.42	1.11	-0.61	-	-	-
S&P MidCap 400	1900.57	0.07	5.83	14.45	30.85	86.25	327.41
S&P SMALLCAP 600	**PRICE**	**1-MONTH (%)**	**3-MONTH (%)**	**1-YEAR (%)**	**3-YEAR (%)**	**5-YEAR (%)**	**FR 12/99 (%)**
Energy	561.77	5.43	4.23	-26.68	-47.44	-53.70	261.50
Materials	528.41	-0.29	4.90	8.78	21.98	62.98	283.29
Industrials	1058.76	-0.63	5.84	16.13	39.57	99.82	429.54
Consumer Discretionary	559.41	2.02	7.84	15.79	19.97	84.29	312.76
Consumer Staples	1773.17	-0.65	4.29	7.60	32.16	107.16	789.48
Health Care	2357.34	0.31	6.14	34.48	65.05	184.69	1202.11
Financials	1037.66	-2.02	3.06	4.31	37.52	85.52	254.26
Information Technology	667.42	-2.62	-3.01	9.81	52.38	148.22	144.06
Telecommunication Services	2.84	-5.96	-2.07	-2.07	15.34	17.22	-96.13
Utilities	959.55	-6.10	0.59	15.77	43.74	97.69	411.21
Real Estate	203.41	-1.90	-1.39	1.19	-	-	-
S&P SmallCap 600	936.26	-0.71	3.57	11.73	34.70	96.46	373.36

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns

INDEX	1-MONTH (%)	3-MONTH (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
S&P 500	1.11	6.64	21.83	38.29	108.14	126.03
S&P MidCap 400	0.22	6.25	16.24	37.30	101.20	158.57
S&P SmallCap 600	-0.52	3.96	13.23	40.48	109.94	169.69
S&P Composite 1500	1.00	6.53	21.13	38.30	107.69	130.05
Dow Jones Industrial Average	1.92	10.96	28.11	49.56	113.38	142.84

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: S&P Global BMI, Emerging, Sorted by December Performance

BMI MEMBER	1-MONTH (%)	3-MONTH (%)	6-MONTH (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Global	1.54	5.42	10.49	21.80	29.23	24.20
Global Ex-U.S.	2.23	4.99	10.85	24.93	27.17	19.16
Emerging	3.70	6.56	14.74	32.19	43.12	20.45
Chile	16.71	7.45	25.62	41.64	65.23	33.58
Turkey	14.23	5.00	4.92	33.79	21.42	-17.51
Qatar	12.10	2.54	-4.51	-16.77	-14.95	-30.81
Greece	10.90	9.37	0.20	30.26	29.96	-32.34
South Africa	9.63	20.44	23.42	30.62	53.64	12.73
Indonesia	6.62	6.42	5.23	16.64	35.74	4.40
Colombia	5.85	-0.66	5.30	11.88	37.27	-19.07
Malaysia	5.38	7.93	9.40	25.26	16.73	-7.26
India	4.83	12.93	16.34	44.42	44.21	38.57
Brazil	4.07	-2.88	19.68	22.59	99.29	11.01
Philippines	4.03	5.51	8.73	22.15	18.14	5.57
Hungary	4.02	6.10	16.35	34.29	78.37	129.72
Poland	3.63	4.78	13.12	50.22	53.86	17.84
Thailand	3.41	7.69	16.94	25.79	53.01	18.16
Czech Republic	2.85	7.68	20.25	37.78	28.72	11.83
Egypt	2.49	6.66	11.72	21.00	-6.65	-32.32
China	2.33	7.11	21.10	46.03	43.07	34.48
Russia	1.98	2.29	17.44	4.36	55.22	56.46
Taiwan	0.99	5.01	4.69	25.97	40.46	20.45
Peru	0.59	6.75	21.29	31.60	100.43	31.47
U.A.E.	0.52	-3.35	-0.79	-1.99	6.23	-12.99
Mexico	-0.98	-9.04	-8.65	12.86	-0.83	-15.61

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 5: S&P Global BMI, Developed, Sorted by December Performance

BMI MEMBER	1-MONTH (%)	3-MONTH (%)	6-MONTH (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Developed	1.29	5.28	10.03	20.72	27.83	24.54
Developed Ex-U.S.	1.84	4.58	9.87	23.16	23.55	18.72
New Zealand	6.35	3.88	4.96	20.03	28.11	22.25
Australia	4.80	6.71	8.98	16.46	24.62	8.47
United Kingdom	4.71	5.15	9.86	19.02	12.34	2.81
Israel	4.52	4.52	-3.84	9.47	-9.16	-4.84
Luxembourg	4.27	5.82	11.57	19.88	40.15	-0.86
Canada	3.82	3.66	11.02	13.75	39.41	2.93
Norway	3.69	0.96	18.02	19.41	35.91	12.27
Ireland	2.77	2.82	8.53	24.31	15.64	43.60
Denmark	2.36	1.53	9.60	32.90	14.25	39.81
Hong Kong	2.22	5.77	10.24	27.82	23.90	17.25
Korea	2.02	12.67	13.92	43.44	46.66	39.31
Austria	1.93	6.86	18.43	53.92	61.94	63.27
Switzerland	1.50	2.08	4.14	21.09	13.68	12.74
Netherlands	0.97	1.69	10.95	31.73	35.58	36.30
United States	0.87	5.83	10.15	18.90	31.15	29.20
Japan	0.86	8.43	12.45	23.36	25.33	36.22
Singapore	0.77	8.52	10.69	29.81	29.20	4.83
Finland	0.61	-1.62	1.53	18.89	17.68	18.23
Sweden	0.41	-3.38	1.51	18.04	16.31	14.48
Germany	0.33	3.03	12.18	28.19	28.98	25.80
Portugal	-0.12	-0.10	10.42	25.77	13.49	12.72
France	-0.30	1.08	9.27	26.65	28.59	27.51
Belgium	-0.50	-2.13	6.42	16.77	7.73	17.83
Spain	-1.03	-1.72	1.70	22.78	17.13	-3.26
Italy	-1.33	-1.79	11.58	29.77	12.90	16.51

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 6: Price-to-Earnings Ratios

INDEX	2015	2016	2017	ESTIMATED 2018
S&P 500	14.73	22.69	21.40	18.39
S&P 500 Consumer Discretionary	16.89	22.17	22.78	21.05
S&P 500 Consumer Staples	15.96	22.18	21.64	19.86
S&P 500 Energy	12.03	-38.97	35.49	25.02
S&P 500 Financials	13.46	16.83	17.23	14.86
S&P 500 Health Care	14.68	21.02	20.48	16.55
S&P 500 Industrials	14.76	19.49	21.37	19.50
S&P 500 Information Technology	14.19	22.20	22.46	18.51
S&P 500 Materials	16.20	38.50	21.48	18.40
S&P 500 Telecommunication Services	43.21	14.02	15.03	13.33
S&P 500 Utilities	14.84	22.21	18.50	17.51
S&P 500 Real Estate	-	-	-	39.89
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P MidCap 400	18.71	30.41	24.27	19.41
S&P 400 Consumer Discretionary	18.19	20.80	18.55	16.00
S&P 400 Consumer Staples	16.80	23.84	22.96	19.48
S&P 400 Energy	22.82	-4.95	-81.82	77.46
S&P 400 Financials	18.61	25.05	19.53	16.62
S&P 400 Health Care	21.24	27.39	27.40	18.80
S&P 400 Industrials	15.55	21.56	22.70	19.94
S&P 400 Information Technology	23.60	40.03	28.03	19.34
S&P 400 Materials	17.93	28.08	19.32	15.71
S&P 400 Telecommunication Services	34.07	13.29	-14.59	102.43
S&P 400 Utilities	15.52	23.42	21.45	21.43
S&P 400 Real Estate	-	-	-	31.42
INDEX	**2015**	**2016**	**2017**	**ESTIMATED 2018**
S&P SmallCap 600	22.04	42.43	28.46	20.56
S&P 600 Consumer Discretionary	21.45	23.16	23.94	18.19
S&P 600 Consumer Staples	18.26	20.41	27.86	21.92
S&P 600 Energy	77.57	-2.48	-40.30	32.66
S&P 600 Financials	20.10	26.37	19.73	16.38
S&P 600 Health Care	21.59	43.30	95.98	35.52
S&P 600 Industrials	17.85	24.72	24.25	20.32
S&P 600 Information Technology	31.37	41.01	26.87	17.62
S&P 600 Materials	22.56	46.69	23.91	17.16
S&P 600 Telecommunication Services	24.20	36.50	-284.00	-
S&P 600 Utilities	16.69	23.40	27.05	23.02
S&P 600 Real Estate	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

INDEX	Q1 2017 OVER Q1 2016 (%)	Q2 2017 OVER Q2 2016	Q3 2017E OVER Q3 2016	Q4 2017E OVER Q4 2016	Q1 2018E OVER Q1 2017	2016 OVER 2015 (%)	2017E OVER 2016 (%)
S&P 500	20.23	18.72	9.20	22.94	17.49	5.78	17.60
S&P 500 Consumer Discretionary	4.55	1.75	3.75	4.12	2.48	9.40	3.51
S&P 500 Consumer Staples	4.90	6.67	5.60	11.18	10.85	4.15	7.15
S&P 500 Energy	243.17	233.50	328.74	1039.02	22.16	74.54	530.66
S&P 500 Financials	24.86	27.84	-12.29	19.11	9.08	3.43	13.20
S&P 500 Health Care	0.29	7.68	6.36	26.26	32.51	9.61	10.04
S&P 500 Industrials	8.33	12.32	7.33	13.13	9.58	-3.29	10.27
S&P 500 Information Technology	28.27	30.71	32.18	28.03	34.56	0.00	29.67
S&P 500 Materials	176.65	-0.41	9.92	48.71	18.61	53.54	35.48
S&P 500 Telecommunication Services	-3.57	45.83	5.38	10.63	15.56	-18.91	12.07
S&P 500 Utilities	2.46	14.18	-5.48	24.17	4.27	21.51	5.71
S&P 500 Real Estate	-	-	-	-	-	-	-
INDEX	**Q1 2017 OVER Q1 2016 (%)**	**Q2 2017 OVER Q2 2016**	**Q3 2017E OVER Q3 2016**	**Q4 2017E OVER Q4 2016**	**Q1 2018E OVER Q1 2017**	**2016 OVER 2015 (%)**	**2017E OVER 2016 (%)**
S&P MidCap 400	34.11	20.82	-2.15	38.34	21.95	16.33	21.34
S&P 400 Consumer Discretionary	7.07	19.91	14.21	10.62	31.30	16.22	12.96
S&P 400 Consumer Staples	1.16	0.61	16.98	8.33	20.32	-1.84	6.83
S&P 400 Energy	101.77	116.18	-138.67	99.46	48.28	46.60	90.28
S&P 400 Financials	50.32	47.46	-25.51	6.67	0.85	23.34	15.44
S&P 400 Health Care	1.12	-33.62	37.27	73.88	55.65	-0.04	16.83
S&P 400 Industrials	3.85	7.93	14.90	22.61	18.17	0.95	12.34
S&P 400 Information Technology	68.15	27.26	19.04	49.52	65.85	25.83	38.25
S&P 400 Materials	93.36	32.97	48.01	38.46	37.79	12.24	48.21
S&P 400 Telecommunication Services	-450.00	-267.40	-569.86	-42.22	110.71	-84.76	-416.93
S&P 400 Utilities	14.54	0.00	1.67	-11.81	-3.11	15.08	1.07
S&P 400 Real Estate	-	-	-	-	-	-	-
INDEX	**Q1 2017 OVER Q1 2016 (%)**	**Q2 2017 OVER Q2 2016**	**Q3 2017E OVER Q3 2016**	**Q4 2017E OVER Q4 2016**	**Q1 2018E OVER Q1 2017**	**2016 OVER 2015 (%)**	**2017E OVER 2016 (%)**
S&P SmallCap 600	34.14	15.96	9.94	57.03	36.44	30.26	28.47
S&P 600 Consumer Discretionary	-19.44	-6.72	-8.01	19.49	27.61	17.47	-2.09
S&P 600 Consumer Staples	-40.92	8.32	-34.07	10.91	52.56	-1.26	-16.36
S&P 600 Energy	85.61	95.50	63.43	107.10	127.88	61.30	88.29
S&P 600 Financials	40.02	12.00	-2.22	11.79	10.39	24.70	14.25
S&P 600 Health Care	-119.35	-101.70	897.92	981.82	1120.29	-65.95	77.07
S&P 600 Industrials	21.23	-5.23	11.55	60.23	10.88	0.46	17.65
S&P 600 Information Technology	92.43	39.13	18.85	56.28	76.19	11.51	46.55
S&P 600 Materials	84.11	17.57	-16.88	16.16	11.17	85.16	15.77
S&P 600 Telecommunication Services	-150.00	-50.00	-50.00	-300.00	0.00	-12.50	-114.29
S&P 600 Utilities	0.51	58.27	-32.44	-2.82	14.06	1.54	-0.56
S&P 600 Real Estate	-	-	-	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: Breadth of Change (Issues With Monthly Price Changes as Described by Type)

S&P 500

TYPE	DECEMBER 2017	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	281	4.59	371	10.35	377	28.44
Down	224	-3.28	133	-7.19	125	-13.64
Up >= 10%	26	14.49	164	16.93	315	32.93
Down <= -10%	9	-15.51	38	-16.05	59	-23.41
Up >= 25%	1	36.21	16	31.50	182	44.51
Down <= -25%	0	0.00	4	-29.50	20	-37.65
Up >= 50%	0	0.00	0	0.00	50	68.02
Down <= -50%	0	0.00	0	0.00	2	-50.34

S&P MIDCAP 400

TYPE	DECEMBER 2017	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	191	5.11	266	11.57	254	28.25
Down	206	-3.96	131	-8.43	140	-16.31
Up >= 10%	28	13.93	120	19.77	207	33.60
Down <= -10%	9	-19.02	37	-20.17	73	-26.94
Up >= 25%	1	29.47	25	34.34	114	47.03
Down <= -25%	1	-65.64	8	-37.64	36	-38.07
Up >= 50%	0	0.00	2	52.38	37	69.88
Down <= -50%	1	-65.64	1	-63.44	4	-55.84

S&P SMALLCAP 600

TYPE	DECEMBER 2017	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	237	6.89	338	14.27	342	37.69
Down	357	-5.16	261	-10.38	256	-21.05
Up >= 10%	51	19.20	178	22.94	271	46.32
Down <= -10%	42	-13.38	106	-18.61	168	-29.54
Up >= 25%	13	35.32	49	39.37	174	63.00
Down <= -25%	1	-25.71	20	-33.51	82	-42.87
Up >= 50%	0	0.00	8	66.58	75	99.50
Down <= -50%	0	0.00	0	0.00	25	-62.44

DOW JONES INDUSTRIAL AVERAGE

TYPE	DECEMBER 2017	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE	YTD	AVERAGE % CHANGE
Up	23	2.86	28	10.81	25	29.59
Down	7	-2.03	2	-19.98	5	-12.99
Up >= 10%	1	11.64	12	16.88	21	34.03
Down <= -10%	0	0.00	2	-19.98	1	-44.78
Up >= 25%	0	0.00	2	26.37	13	44.04
Down <= -25%	0	0.00	1	-27.83	1	-44.78
Up >= 50%	0	0.00	0	0.00	2	79.67
Down <= -50%	0	0.00	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of Dec. 29, 2017. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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