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## 2017 Economic Recap - Looking back

From an economic standpoint, we really don't have much to complain about as we look back on 2017.

- The US stock market seemed to go in only one direction all year, **UP!** The S&P 500 was up 19% for the year. - Yet the US market was no match for the rest of the world which was finally experiencing its own growth. The MSCI EAFE Index (the developed markets excluding the US) was up 25%, and the MSCI Emerging Markets Index sprinted up 37%.
- **Trump Bump:** Some of the resilience of the US market could be attributed to an expectation that a Republican president and a unified Republican Congress would bring business friendly changes. Continued low inflation, relatively low interest rates and strong global economic growth probably didn't hurt either.
- **Tax Reform:** In an uncharacteristically fast move, Congress passed the first major tax reform bill since the Reagan years. Tax rates were lowered across the board, but long term impacts are still unclear. High tax, high cost states like California and New York, may in fact see increases caused by changes in state income tax and mortgage interest deductibility.
- **Bitcoin:** A cryptocurrency -a digital currency backed by no government- came into existence in 2009. In 2017, it made its way into everyday conversation and pop culture (one Grey's Anatomy episode featured a hacker demanding a Bitcoin ransom). It went from \$800 at the start of the year to an astonishing \$17,900 by December 15th and down over 20% a week later after one of the original Bitcoin founders cashed out on December 18th. I may be missing out, but I'll worry about it in 20 years, if it's still around.
- **Bonds** were among the few asset class victims of the year. Interest rates are still historically low, but rising, and that slow upward creep took its toll on bond prices. Buying a bond for interest income will continue to be a valid option. If you got used to the easy price growth of the last 36 years though, you'll need to come up with a new strategy.

As we go into 2018, a lot of the same good factors are still in play: low inflation, *relatively* low interest rates, and strong global economic growth. A small pull-back wouldn't be surprising, but the bull should still have some steam left. - Anita

	Current Month	Prior Quarter	1 Month	Prior Year	1 Year	52 Week	
	Dec-2017*	Sep-2017	% Change	Dec-2016*	% Change	High	Low
<b>Dow</b>	24,719.22	22,405.09	10%	19,762.60	25%	24,786.07	19,677.94
<b>S&amp;P 500</b>	2,673.61	2,519.36	6%	2,238.83	19%	2,694.97	2,233.62
<b>NASDAQ</b>	6,903.39	6,495.96	6%	5,383.12	28%	7,003.89	5,371.89
<i>Commodity Prices</i>							
<b>gold</b>	1,309.30	1,282.50	2%	1,152.00	14%	1,365.80	1,178.10
<b>silver</b>	17.03	16.69	2%	15.96	7%	18.85	15.23
<b>oil*</b>	60.60	51.64	17%	53.89	12%	60.73	43.76
<i>Yield</i>							
<b>2 Year Treasury</b>	1.89%	1.48%	28%	1.21%	56%	1.94%	1.13%
<b>10 Year Treasury</b>	2.41%	2.34%	3%	2.45%	-1%	2.63%	2.02%
<b>30 Year Treasury</b>	2.74%	2.86%	-4%	3.07%	-11%	3.22%	2.63%
<i>Currencies</i>							
<b>USD/Euro</b>	1.20	1.18	2%	1.05	14%	1.21	1.03
<b>Yen/USD</b>	112.72	112.50	0%	117.00	-4%	118.66	107.32
<i>Interest Rates</i>							
<b>Prime</b>	4.50%	4.25%	6%	3.75%	20%	4.50%	3.75%
<b>30 Yr Mortgage</b>	3.92%	3.90%	1%	4.21%	-7%	4.33%	3.73%

\*Reflects the last business days of those months.

Data source: [www.WSJ.com](http://www.WSJ.com)

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