MONTHLY MARKET RECAP

INSIGHTS FROM THRIVENT ASSET MANAGEMENT

FALLING OIL PRICES DAMPEN EQUITY RALLY

Recap for the month ended November 30, 2014

By Jeff Branstad, CFA

Oil prices continued their downward trend, including a sharp decline at the end of the month, but other areas of the stock market continued to climb throughout November. Here is a look at market details for November 2014:

BY THE NUMBERS

Market activity in November, as reflected in the most common market indexes we follow.

Equity Indexes*	1-Month	YTD	2013
Dow Jones Industrial Average[1]	2.9%	9.9%	29.7%
S&P 500 Index[2]	2.7%	14.0%	32.4%
Russell 2000 Index[3]	0.1%	2.0%	38.9%
MSCI EAFE Index[4]	1.4%	-1.1%	23.3%
MSCI Emerging Markets Index[5]	-1.1%	2.9%	-2.3%

Bond Indexes*	1-Month	YTD	2013
Barclays U.S. Aggregate Bond Index[6]	0.7%	5.9%	-2.0%
Barclays 20+ Year Treasury Index[7]	3.0%	23.5%	-13.9%
Barclays U.S. Corporate Investment Grade Index[8]	0.7%	7.4%	-1.5%
Barclays U.S. High Yield Index[9]	-0.7%	4.0%	7.4%
Barclays Municipal Bond Index[10]	0.2%	8.5%	-2.6%

* Past performance is not indicative of future results. An investment cannot be made directly in an index.

U.S. Treasury Yields	As of 11/30/2014	As of 10/31/2014	As of 12/31/2013
3-Month U.S. Treasury Bill	0.02%	0.01%	0.07%
5 Year U.S. Treasury Bond	1.49%	1.62%	1.75%
10 Year U.S. Treasury Bond	2.18%	2.32%	3.04%
30 Year U.S. Treasury Bond	2.89%	3.04%	3.96%

OPEC WAGES PRICE WAR WITH U.S. ON OIL

At the end of the month, OPEC, the 12-member Organization of Petroleum Exporting Countries led by several middle-eastern nations, declined to cut back their oil production in an effort to prop up global oil prices. By keeping their production levels normal, supply remains high and prices remain low. That essentially puts OPEC in a price war with U.S. oil producers, with OPEC hoping that the low prices will put the newest U.S. drilling projects out of business. There are substantial amounts of risk in this strategy for OPEC members as well, with many countries relying primarily on oil profits to balance their budgets. OPEC produces roughly 40 percent of the world's oil, and their oil is cheaper to extract than the oil from shale formations in North America, so OPEC is betting that they will be able to outlast other providers during a period of low oil prices. It is unclear what level of prices would put a halt to enough shale oil operations to turn things back in OPEC's favor, but so far there does not appear to be any decline in U.S. oil production, with many analysts expecting production to continue to increase.

If nothing else, the drop in oil prices has had an immediate impact on U.S. consumers' pocketbooks, with the nationwide average gallon of gas dropping by nearly a dollar since April, currently around $2.75, with many experts expecting further declines throughout December. Goldman Sachs estimates that the average annual household savings would come to around $1,100. Retail analysts are hopeful that those extra dollars will find their way into bigger holiday spending budgets, but that hasn't been apparent yet, with mixed results in surveys attempting to measure Thanksgiving weekend sales. Other segments of the U.S. economy could also benefit from low gas prices, particularly airlines, which spend a lot on jet fuel.

TREASURY YIELDS CONTINUE TO DECLINE

Oil prices weren't the only financial metric to fall during November as U.S. Treasury Bond yields saw yet another drop. The 30-year Treasury Bond yield dropped below 3.0% for the first time since May of 2013. The behavior of Treasury yields seems somewhat at odds with the Federal Reserve's desires to eventually start raising rates. While the Fed has been somewhat ambiguous about its timing, most have interpreted its stated plan of keeping rates near zero for "a considerable time" to mean that they intend to start raising the Fed Funds Rate in mid to late 2015. However, the current downward trend of yields, as well as spot prices on the forward markets, suggests that investors don't believe the Fed and expect rates to stay lower longer. It will likely take a series of strong job reports and other positive economic data to bring market expectations closer in line with the Fed's stated plans.

1 The Dow Jones Industrial Average is an index of 30 "blue chip" stocks traded in the U.S.
2 The S&P 500 Index is a widely followed index, and is composed of 500 widely held U.S. stocks
3 The Russell 2000® Index measures performance of small-cap stocks
4 The MSCI EAFE Index measures developed-economy stocks in Europe, Australasia and the Far East
5 The MSCI Emerging Markets Index measures developing-economy stocks
6 The Barclays U.S. Aggregate Bond Index measures performance of a wide variety of publicly traded bonds
7 The Barclays 20+ Year Treasury Index measures performance of longer maturity treasury bonds
8 The Barclays U.S. Corporate Investment Grade Index measures performance of the investment grade bond sector
9 The Barclays High Yield Index measures performance of the high yield bond sector
10 The Barclays Municipal Bond Index measures performance of the municipal bond sector

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