

## September 2016

### EQUITY MARKETS

Major U.S. equity indices were little changed in September. Growth stocks generated positive returns and outpaced the losses posted by value stocks. Small caps beat large caps again. Developed and Emerging International stocks were positive and led U.S. stocks.

### FIXED INCOME MARKETS

In a departure from recent history, the yield curve steepened in September, with short term rates declining and longer term rate increasing. Treasuries and Investment Grade corporates declined in value. High Yield managed to post a modest positive return.

### ECONOMIC DATA

The big news of the month was the Fed's announcement on September 21 to leave rates unchanged. This marks the 6<sup>th</sup> meeting this year where rates were left unchanged. Two more meetings are scheduled in 2016, with very low probability of a rate change at the November meeting and a higher probability of a rate increase in December. Job creation disappointed in the month of August (the data was released in September), breaking a two month streak of job creation falling just short of the magical 300 thousand mark. Most economic data weakened during September, with the notable exception of Consumer Confidence, which recorded a post-recession high. Weak 2<sup>nd</sup> quarter economic growth was confirmed. All eyes are watching for a fall/early winter economic rebound and of course the polls to glean information about the rapidly approaching presidential election.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Aug	180,000	151,000	255,000	275,000
Unemployment	Aug	4.8%	4.9%	4.9%	
ISM Manufacturing	Aug	52.0	49.4	52.6	
Univ. of Mich. Sentiment	Sep (P)	90.6	89.8	89.8	
ISM Non-Manufacturing	Aug	54.9	51.4	55.5	
Retail Sales ex Auto & Gas	Aug	0.3%	-0.1%	-0.1%	
PPI MoM	Aug	0.1%	0.0%	-0.4%	
PPI MoM ex Food & Energy	Aug	0.1%	0.1%	-0.3%	
PPI YoY	Aug	0.1%	0.0%	-0.2%	
PPI YoY ex Food & Energy	Aug	1.0%	1.0%	0.7%	
CPI MoM	Aug	0.1%	0.2%	0.0%	
CPI MoM ex Food & Energy	Aug	0.2%	0.3%	0.1%	
CPI YoY	Aug	1.0%	1.1%	0.8%	
CPI YoY ex Food & Energy	Aug	2.2%	2.3%	2.2%	
Industrial Production	Aug	-0.2%	-0.4%	0.7%	0.6%
Housing Starts	Aug	1,190,000	1,142,000	1,211,000	1,212,000
Building Permits	Aug	1,165,000	1,139,000	1,152,000	1,144,000
New Home Sales	Aug	600,000	609,000	654,000	659,000
Existing Home Sales	Aug	5,450,000	5,330,000	5,390,000	5,380,000
Leading Index	Aug	0.0%	-0.2%	0.4%	0.5%
Durable Goods Orders	Aug (P)	-1.5%	0.0%	4.4%	3.6%
S&P CoreLogic CS 20-City YoY	Jul	5.10%	5.02%	5.13%	5.11%
Personal Income	Aug	0.2%	0.2%	0.4%	
Personal Spending	Aug	0.1%	0.0%	0.3%	0.4%
GDP Annualized QoQ	2Q (T)	1.3%	1.4%	1.1%	

P = Partial, T = Third

Source: Bloomberg



## Monthly Recap

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