

October 2016

EQUITY MARKETS

Major U.S. equity indices declined in October, despite earnings for the S&P 500 apparently ending a five quarter slump. Value stocks outperformed growth stocks and large caps beat small caps. Developed International equities recorded negative returns while Emerging Market stocks managed to post a slight positive return.

FIXED INCOME MARKETS

The yield curve again steepened in October, with short term rates remaining flat and longer term rate increasing. In a repeat of last month's result, Treasuries and Investment Grade corporates declined in value while High Yield managed to post a modest positive return.

ECONOMIC DATA

As expected, the advance estimate of third quarter GDP strengthened from the weak growth displayed during the first half of the year. Net exports contributed 0.83% to the 2.9% growth (best level since 3rd quarter 2014) exhibited by the U.S. economy and inventory restocking contributed 0.61%. Job creation disappointed in September (the data was released in October) for the second consecutive month. Home sales and permits improved from the prior month and the ISM surveys measuring the manufacturing and service sectors both rebounded and were above the 50 level that denotes continued expansion. Presidential election news continues to dominate the airwaves and is fueling uncertainty in the markets.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Sep	172,000	156,000	151,000	167,000
Unemployment	Sep	4.9%	5.0%	4.9%	
ISM Manufacturing	Sep	50.4	51.5	49.4	
Univ. of Mich. Sentiment	Oct (F)	88.2	87.2	87.9	
ISM Non-Manufacturing	Sep	53.0	57.1	51.4	
Retail Sales ex Auto & Gas	Sep	0.3%	0.3%	-0.1%	0.0%
PPI MoM	Sep	0.2%	0.3%	0.0%	
PPI MoM ex Food & Energy	Sep	0.1%	0.3%	0.3%	
PPI YoY	Sep	0.6%	0.7%	0.0%	
PPI YoY ex Food & Energy	Sep	1.2%	1.2%	1.0%	
CPI MoM	Sep	0.3%	0.3%	0.2%	
CPI MoM ex Food & Energy	Sep	0.2%	0.1%	0.3%	
CPI YoY	Sep	1.5%	1.5%	1.1%	
CPI YoY ex Food & Energy	Sep	2.3%	2.2%	2.3%	
Industrial Production	Sep	0.1%	0.1%	-0.4%	-0.5%
Housing Starts	Sep	1,175,000	1,047,000	1,142,000	1,150,000
Building Permits	Sep	1,165,000	1,225,000	1,139,000	1,152,000
New Home Sales	Sep	600,000	593,000	609,000	575,000
Existing Home Sales	Sep	5,350,000	5,470,000	5,330,000	5,300,000
Leading Index	Sep	0.2%	0.2%	-0.2%	
Durable Goods Orders	Sep (P)	0.0%	-0.1%	0.1%	0.3%
S&P CoreLogic CS 20-City YoY	Aug	5.00%	5.13%	5.02%	4.98%
Personal Income	Sep	0.4%	0.3%	0.2%	
Personal Spending	Sep	0.4%	0.5%	0.0%	-0.1%
GDP Annualized QoQ	3Q (A)	2.6%	2.9%	1.4%	



Monthly Recap

A= Advance, P = Preliminary, F = Final

Source: Bloomberg

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