

## November 2016

### EQUITY MARKETS

U.S. equities moved higher in November. With the election finally (and mercifully) in the rear view mirror, investors focused on the prospects of what appears to be a more pro-business and growth oriented executive branch. For the first time since 12/29/1999, the Dow Jones Industrial Average, NASDAQ Composite, and Russell 2000 all made new highs on November 21st. Small cap stocks had a particularly strong rally and easily outpaced large cap stocks. Value stocks outperformed growth stocks for the month.

### FIXED INCOME MARKETS

Interest rates increased across the yield curve in reaction to the election results. The yield on the 10-year Treasury increased 53 basis points to 2.37% during the month. The Trump victory has been viewed by market participants as pro-growth and potentially leading to an increase in the deficit in the short term. Foreign selling has been cited as an additional cause of the back up in rates. Municipal bonds were particularly hard hit, though Treasuries and Investment Grade corporates fared only marginally better. High Yield once again outperformed more interest rate sensitive fixed income sectors.

### ECONOMIC DATA

The economic momentum displayed in the third quarter continued during October. Job creation continued at a slow and steady pace, but retail sales, housing starts, existing home sales and durable goods orders all enjoyed solid growth during the month. Third quarter GDP was revised to +3.2%, which is the strongest growth since the third quarter of 2014. The Federal Open Market Committee concludes its scheduled 2 day meeting on December 14th and we expect an increase in the Fed Funds rate of ¼% to be announced on that day.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Oct	173,000	161,000	156,000	191,000
Unemployment	Oct	4.9%	4.9%	5.0%	
ISM Manufacturing	Oct	51.7	51.9	51.5	
Univ. of Mich. Sentiment	Nov (F)	91.6	93.8	91.6	
ISM Non-Manufacturing	Oct	56.0	54.8	57.1	
Retail Sales ex Auto & Gas	Oct	0.3%	0.6%	0.3%	0.5%
PPI MoM	Oct	0.3%	0.0%	0.3%	
PPI MoM ex Food & Energy	Oct	0.2%	-0.2%	0.2%	
PPI YoY	Oct	1.2%	0.8%	0.7%	
PPI YoY ex Food & Energy	Oct	1.6%	1.2%	1.2%	
CPI MoM	Oct	0.4%	0.4%	0.3%	
CPI MoM ex Food & Energy	Oct	0.2%	0.1%	0.1%	
CPI YoY	Oct	1.6%	1.6%	1.5%	
CPI YoY ex Food & Energy	Oct	2.2%	2.1%	2.2%	
Industrial Production	Oct	0.2%	0.0%	0.1%	-0.2%
Housing Starts	Oct	1,156,000	1,323,000	1,047,000	1,054,000
Building Permits	Oct	1,193,000	1,229,000	1,225,000	
New Home Sales	Oct	590,000	563,000	593,000	574,000
Existing Home Sales	Oct	5,440,000	5,600,000	5,470,000	5,490,000
Leading Index	Oct	0.1%	0.1%	0.2%	
Durable Goods Orders	Oct (P)	1.7%	4.8%	-0.3%	0.4%
S&P CoreLogic CS 20-City YoY	Sep	5.20%	5.08%	5.13%	5.06%
Personal Income	Oct	0.4%	0.6%	0.3%	0.4%
Personal Spending	Oct	0.3%	0.1%	0.3%	0.5%
GDP Annualized QoQ	3Q (S)	3.0%	3.2%	2.9%	

F = Final, S = Secondary, P = Preliminary

Source: Bloomberg



## Monthly Recap

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