

## January 2017

### EQUITY MARKETS

The New Year started off favorably for stocks, as the post-election rally continued. Leadership, however, changed as large cap stocks outpaced small cap stocks and growth stocks outperformed value stocks. International equities performed better than domestic stocks, with developed markets outpacing the S&P 500 and emerging markets outperforming developed international markets.

### FIXED INCOME MARKETS

Interest rates remained fairly steady during January with little change in levels across the yield curve. The yield on the 10-year Treasury of 2.45% was unchanged from the prior month. Treasuries and investment grade corporates posted positive returns. High yield bonds, yet again, outpaced more interest-rate-sensitive fixed income sectors. Municipal bonds remained little changed for the month, posting only a very slight gain.

### ECONOMIC DATA

The Federal Open Market Committee left the federal funds rate unchanged at its two day meeting that concluded on February 1st. The advanced reading of fourth quarter GDP was disappointing at only a 1.9% rate. Housing was mixed, with new starts and permits solid and sales of new and existing homes weaker than the prior month. Repeating last month, the ISM Manufacturing and Non-Manufacturing Indices signaled continued improving business conditions, and the University of Michigan Consumer Sentiment Index hit another post-recession high. The National Federation of Independent Business Index of Small Business Optimism jumped 7.4 points, the largest increase since 1980 and reaching levels last seen in 2004.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Dec	175,000	156,000	178,000	164,000
Unemployment	Dec	4.7%	4.7%	4.6%	
ISM Manufacturing	Dec	53.8	54.7	53.2	53.5
ISM Non-Manufacturing	Dec	56.8	57.2	57.2	56.2
Retail Sales ex Auto & Gas	Dec	0.4%	0.0%	0.2%	0.3%
PPI MOM	Dec	0.3%	0.3%	0.4%	
PPI MOM ex Food & Energy	Dec	0.1%	0.2%	0.4%	
PPI YOY	Dec	1.6%	1.6%	1.3%	
PPI YOY ex Food & Energy	Dec	1.5%	1.6%	1.6%	
CPI MOM	Dec	0.3%	0.3%	0.2%	
CPI MOM ex Food & Energy	Dec	0.2%	0.2%	0.2%	
CPI YOY	Dec	2.1%	2.1%	1.7%	
CPI YOY ex Food & Energy	Dec	2.2%	2.2%	2.1%	
Industrial Production	Dec	0.6%	0.8%	-0.4%	-0.7%
Housing Starts	Dec	1,188,000	1,226,000	1,090,000	1,102,000
Building Permits	Dec	1,225,000	1,210,000	1,201,000	1,212,000
New Home Sales	Dec	588,000	536,000	592,000	598,000
Existing Home Sales	Dec	5,520,000	5,490,000	5,610,000	5,650,000
Leading Index	Dec	0.5%	0.5%	0.0%	0.1%
Durable Goods Orders	Dec (P)	2.5%	-0.4%	-4.5%	-4.8%
S&P CoreLogic CS 20-City YOY	Nov	5.03%	5.27%	5.10%	5.09%
Personal Income	Dec	0.4%	0.3%	0.0%	0.1%
Personal Spending	Dec	0.5%	0.5%	0.2%	
GDP Annualized QOQ	4Q (A)	2.2%	1.9%	3.5%	
Univ. of Mich. Sentiment	Jan (F)	98.1	98.5	98.1	

P = Partial, A = Advance, F = Final

Source: Bloomberg



## Monthly Recap

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