

March 2017

EQUITY MARKETS

U.S. stocks posted modest gains in March, but the ongoing rally was uneven from a style standpoint. There was little difference between large and small cap stocks, but growth stocks soundly outperformed value stocks with the former increasing and the latter declining in value. Developed International and Emerging Market stocks generated solid returns and outperformed domestic stocks.

FIXED INCOME MARKETS

Interest rates moved up across the yield curve with the largest move taking place in bonds with shorter maturities. The yield on the 10-year Treasury increased four basis points in March to 2.40%. The Barclays Aggregate Bond Index, Treasuries, Investment Grade Corporates and High Yield bonds all posted negative returns. Municipal bonds bucked the trend and increased slightly during the month.

ECONOMIC DATA

The economy continues to exhibit growth. As expected, the Federal Open Market Committee raised the federal funds rate by ¼% to a target range of ¾% to 1%. The labor market continued to improve. For the second consecutive month, over 200,000 new jobs were added to the economy, a feat last accomplished in June and July of last year. Unemployment ticked down slightly to 4.7%. Consumer confidence soared to its highest level since December 2000, Housing was mixed, with starts, new home sales, and house prices all increasing from the prior month, while existing home sales and permits softened. The ISM Manufacturing and Non-Manufacturing indices signaled improving business conditions. All eyes are focused on Washington to gauge the future of the new administration's core economic initiatives — namely healthcare reform, tax reductions, regulatory reform, and the repatriation of offshore money.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Feb	200,000	235,000	227,000	238,000
Unemployment	Feb	4.7%	4.7%	4.8%	
ISM Manufacturing	Feb	56.2	57.7	56.0	
ISM Non-Manufacturing	Feb	56.5	57.6	56.5	
Retail Sales ex Auto & Gas	Feb	0.2%	0.2%	0.7%	1.1%
PPI MOM	Feb	0.1%	0.3%	0.6%	
PPI MOM ex Food & Energy	Feb	0.2%	0.3%	0.4%	
PPI YOY	Feb	1.9%	2.2%	1.6%	
PPI YOY ex Food & Energy	Feb	1.5%	1.5%	1.2%	
CPI MOM	Feb	0.0%	0.1%	0.6%	
CPI MOM ex Food & Energy	Feb	0.2%	0.2%	0.3%	
CPI YOY	Feb	2.7%	2.7%	2.5%	
CPI YOY ex Food & Energy	Feb	2.2%	2.2%	2.3%	
Industrial Production	Feb	0.2%	0.0%	-0.3%	-0.1%
Housing Starts	Feb	1,264,000	1,288,000	1,246,000	1,251,000
Building Permits	Feb	1,268,000	1,213,000	1,285,000	1,293,000
New Home Sales	Feb	565,000	592,000	555,000	558,000
Existing Home Sales	Feb	5,550,000	5,480,000	5,690,000	
Leading Index	Feb	0.5%	0.6%	0.6%	
Durable Goods Orders	Feb (P)	1.4%	1.7%	2.0%	2.3%
S&P CoreLogic CS 20-City YOY	Jan	5.60%	5.73%	5.58%	5.47%
Personal Income	Feb	0.4%	0.4%	0.4%	0.5%
Personal Spending	Feb	0.2%	0.1%	0.2%	
GDP Annualized QOQ	4Q (T)	2.0%	2.1%	1.9%	
Univ. of Mich. Sentiment	Mar (F)	97.6	96.9	97.6	

P = Preliminary, T = Third, F = Final

Source: Bloomberg



Monthly Recap

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