

April 2017

EQUITY MARKETS

In many ways, April was a photocopy of March. U.S. stocks, as measured by the S&P 500, again posted gains and have now risen in every month since the election in November. Growth stocks dominated value stocks for the month of April, while there was little difference between large and small cap stocks. Developed international and emerging market stocks generated solid returns and outperformed domestic stocks.

FIXED INCOME MARKETS

The yield curve flattened during April as yields rose for maturities of less than two years and decreased for longer dated maturities. The yield on the 10-year Treasury decreased 11 basis points in April to 2.29%. The Bloomberg Barclays Aggregate Bond Index, Treasuries, investment grade corporates, high yield bonds, and municipal bonds all gained in value for the month. Corporate bonds outperformed Treasuries during the month.

ECONOMIC DATA

The economy slowed a bit in March. New jobs creation slowed to its lowest level since May 2016. Both ISM surveys declined a bit from February, as did durable goods orders and housing starts. On a positive note, existing home sales hit the highest level since February 2007 and new home sales hit the highest level since last summer. Economic output disappointed at only a 1% annualized rate for the first quarter, which ended March 31. The Federal Open Market Committee meets May 2 to 3 and no increase in rates is expected. The outcome of elections in France lowered the risk of a Brexit-like event there. In the U. S., the president's long awaited tax reform plan was unveiled and, as expected, called for fewer brackets with lower rates for individuals and for lower rates for corporations. Now the fun begins, as elected officials begin to battle over the details, and it remains to be seen what, if anything, gets passed.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Mar	180,000	98,000	235,000	219,000
Unemployment	Mar	4.7%	4.5%	4.7%	
ISM Manufacturing	Mar	57.2	57.2	57.7	
ISM Non-Manufacturing	Mar	57.0	55.2	57.6	
Retail Sales ex Auto & Gas	Mar	0.3%	0.1%	0.2%	0.1%
PPI MOM	Mar	0.0%	-0.1%	0.3%	
PPI MOM ex Food & Energy	Mar	0.2%	0.0%	0.3%	
PPI YOY	Mar	2.4%	2.3%	2.2%	
PPI YOY ex Food & Energy	Mar	1.8%	1.6%	1.5%	
CPI MOM	Mar	0.0%	-0.3%	0.1%	
CPI MOM ex Food & Energy	Mar	0.2%	-0.1%	0.2%	
CPI YOY	Mar	2.6%	2.4%	2.7%	
CPI YOY ex Food & Energy	Mar	2.3%	2.0%	2.2%	
Industrial Production	Mar	0.5%	0.5%	0.0%	0.1%
Housing Starts	Mar	1,250,000	1,215,000	1,288,000	1,303,000
Building Permits	Mar	1,250,000	1,260,000	1,213,000	1,216,000
New Home Sales	Mar	584,000	621,000	592,000	587,000
Existing Home Sales	Mar	5,600,000	5,710,000	5,480,000	5,470,000
Leading Index	Mar	0.2%	0.4%	0.6%	0.5%
Durable Goods Orders	Mar (P)	1.3%	0.7%	1.8%	2.3%
S&P CoreLogic CS 20-City YOY	Feb	5.78%	5.85%	5.73%	5.66%
Personal Income	Mar	0.3%	0.2%	0.4%	0.3%
Personal Spending	Mar	0.2%	0.0%	0.1%	0.0%
GDP Annualized QOQ	1Q (A)	1.0%	0.7%	2.1%	
Univ. of Mich. Sentiment	Apr (F)	98.0	97.0	98.0	

P = Preliminary, A = Advance, F = Final

Source: Bloomberg



Monthly Recap

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