

## May 2017

### EQUITY MARKETS

The post-election equity rally continued, as the S&P 500, Russell 1000, Russell 3000 and the NASDAQ all hit record levels during May. U.S. stocks, as measured by the S&P 500, again posted gains and have risen in every month since the election. Growth stocks dominated value stocks for the month and large cap stocks easily outpaced the loss posted by small cap stocks. Developed international and emerging market stocks generated solid returns and outperformed domestic stocks.

### FIXED INCOME MARKETS

The yield curve flattened again in May as yields once again rose for maturities of less than two years and decreased for longer dated maturities. The yield on the 10-year Treasury decreased eight basis points in April to 2.21%. 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 appeared to bounce back a bit in April from the March slowdown. Importantly, new job creation jumped to 211,000, marking the third month this year it was above 200,000. Unemployment dropped to its lowest level since May 2007. The ISM non-manufacturing survey was strong, indicating continued growth. Industrial production bounced to its best level since January 2015. Housing took a bit of a breather but remained strong. As expected, the Federal Open Market Committee left rates unchanged at the May meeting. The next meeting is scheduled for June 13-14 and there is a significant possibility of a rate increase. The political climate in Washington, D.C. continues to be turbulent with the ongoing Russian probe, the firing of the FBI director and the appointment of a special counsel to oversee the investigation.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	Apr	190,000	211,000	98,000	79,000
Unemployment	Apr	4.6%	4.4%	4.5%	
ISM Manufacturing	Apr	56.5	54.8	57.2	
ISM Non-Manufacturing	Apr	55.8	57.5	55.2	
Retail Sales ex Auto & Gas	Apr	0.4%	0.3%	0.1%	0.4%
PPI MOM	Apr	0.2%	0.5%	-0.1%	
PPI MOM ex Food & Energy	Apr	0.2%	0.4%	0.0%	
PPI YOY	Apr	2.2%	2.5%	2.3%	
PPI YOY ex Food & Energy	Apr	1.6%	1.9%	1.6%	
CPI MOM	Apr	0.2%	0.2%	-0.3%	
CPI MOM ex Food & Energy	Apr	0.2%	0.1%	-0.1%	
CPI YOY	Apr	2.3%	2.2%	2.4%	
CPI YOY ex Food & Energy	Apr	2.0%	1.9%	2.0%	
Industrial Production	Apr	0.4%	1.0%	0.5%	0.4%
Housing Starts	Apr	1,260,000	1,172,000	1,215,000	1,203,000
Building Permits	Apr	1,270,000	1,229,000	1,260,000	1,260,000
New Home Sales	Apr	610,000	569,000	621,000	642,000
Existing Home Sales	Mar	5,650,000	5,570,000	5,710,000	5,700,000
Leading Index	Apr	0.4%	0.3%	0.4%	0.3%
Durable Goods Orders	Apr (P)	-1.5%	-0.7%	0.9%	2.3%
S&P CoreLogic CS 20-City YOY	Apr	5.70%	5.89%	5.85%	
Personal Income	Apr	0.4%	0.4%	0.2%	
Personal Spending	Apr	0.4%	0.4%	0.0%	0.3%
GDP Annualized QOQ	Q1 (S)	0.9%	1.2%	0.7%	
Univ. of Mich. Sentiment	May (F)	97.5	97.1	97.7	

P = Preliminary, S = Second, F = Final

Source: Bloomberg



## Monthly Recap

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CCM-993