

June 2017

EQUITY MARKETS

U.S. stocks, as measured by the S&P 500, again posted gains and continued their post-election rally. Value stocks easily outpaced growth stocks for the month and small cap stocks handily outperformed large cap stocks. Developed international stocks had a mixed performance, with the MSCI EAFE Index declining in value and the MSCI ACWI ex USA Index increasing in value. Emerging market stocks posted a gain for the month.

FIXED INCOME MARKETS

Rates increased across most of the yield curve with the exception of the 30-year bond, which declined by one basis point. The yield on the 10-year Treasury increased 14 basis points in June to 2.35%. The Bloomberg Barclays Aggregate Bond Index declined for the month, driven by Treasuries' negative return. Credit exposure continued to be rewarded as investment grade corporates and high yield bonds turned in positive returns. Municipal bonds declined in value for the month.

ECONOMIC DATA

The economic acceleration experienced in April all but disappeared in May. Most economic data points showed lower levels than the previous month with the notable exceptions of new and existing home sales. First quarter GDP was revised up to 1.4% from 1.2%. New job openings, as reflected by the Job Opening and Labor Turnover Survey, hit an all-time high. Unfortunately, most other economic indices showed slower growth. As expected, The Federal Open Market Committee raised rates by .25% to a range of 1% to 1.25% at the meeting that concluded on June 14th. This is the second rate increase this year (out of four meetings). Four more meetings are scheduled to be held this year, with the next meeting scheduled for July 25-26. Presently, no rate increase is expected.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	May	182,000	138,000	211,000	174,000
Unemployment	May	4.4%	4.3%	4.4%	
ISM Manufacturing	May	54.8	54.9	54.8	
ISM Non-Manufacturing	May	57.1	56.9	57.5	
Retail Sales ex Auto & Gas	May	0.3%	0.0%	0.3%	0.5%
PPI MOM	May	0.0%	0.0%	0.5%	
PPI MOM ex Food & Energy	May	0.1%	0.3%	0.4%	
PPI YOY	May	2.3%	2.4%	2.5%	
PPI YOY ex Food & Energy	May	1.9%	2.1%	1.9%	
CPI MOM	May	0.0%	-0.1%	0.2%	
CPI MOM ex Food & Energy	May	0.2%	0.1%	0.1%	
CPI YOY	May	2.0%	1.9%	2.2%	
CPI YOY ex Food & Energy	May	1.9%	1.7%	1.9%	
Industrial Production	May	0.2%	0.0%	1.0%	1.1%
Housing Starts	May	1,220,000	1,092,000	1,172,000	1,156,000
Building Permits	May	1,249,000	1,168,000	1,229,000	1,228,000
New Home Sales	May	590,000	610,000	569,000	593,000
Existing Home Sales	May	5,550,000	5,620,000	5,570,000	5,560,000
Leading Index	May	0.3%	0.3%	0.3%	0.2%
Durable Goods Orders	May (P)	-0.6%	-1.1%	-0.8%	-0.9%
S&P CoreLogic CS 20-City YOY	Apr	5.90%	5.67%	5.89%	5.88%
Personal Income	May	0.3%	0.4%	0.4%	0.3%
Personal Spending	May	0.1%	0.1%	0.4%	
GDP Annualized QOQ	1Q (T)	1.2%	1.4%	1.2%	
Univ. of Mich. Sentiment	Jun (F)	94.5	95.1	94.5	

P = Preliminary, T = Third, F = Final

Source: Bloomberg



Monthly Recap

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CCM-993