

## July 2017

### EQUITY MARKETS

At the risk of sounding like a broken record, U.S. stocks again posted gains and continued their post-election rally. Growth stocks led the charge and large cap stocks outperformed small cap stocks. Benefiting from improving earnings and a weak dollar, international stocks, both developed and emerging, outpaced U.S. stocks for the month.

### FIXED INCOME MARKETS

Rates increased at the short and long ends of the yield curve but declined through the middle of the curve. The yield on the 10-year Treasury decreased 1 basis point in July to 2.30%. The Bloomberg Barclays Aggregate Bond Index increased for the month, driven by gains in corporate bonds, which outperformed Treasuries. Credit exposure continued to be rewarded as high yield bonds outpaced investment grade bonds and Treasuries. Municipal bonds increased in value for the month.

### ECONOMIC DATA

June economic activity rebounded from May levels. The acceleration was evident in most data points. The ISM Manufacturing and Non-Manufacturing Surveys indicated the economy continues to grow and the Leading Index hit new highs. Job growth moved back above 200,000 after May's weak numbers and housing remains solid. Durable goods orders hit the best level in three years. The advance reading of second quarter GDP came in at 2.6%, driven by strong consumer spending. As expected, The Federal Open Market Committee left the Fed Funds rate unchanged at a range of 1 to 1.25% at the meeting that concluded on July 26th. Three more meetings are scheduled to be held this year, with the next meeting scheduled for September 19-20. Presently, no rate increase is expected. The Jackson Hole Economic Symposium is scheduled for August 24-26. All eyes will be watching to see if any new direction in policy will be announced at the important gathering of global central bankers.

Event	Period	Estimate	Actual	Prior	Revised
Nonfarm Payroll	June	178,000	222,000	138,000	152,000
Unemployment	June	4.3%	4.4%	4.3%	
ISM Manufacturing	June	55.3	57.8	54.9	
ISM Non-Manufacturing	June	56.5	57.4	56.4	
Retail Sales ex Auto & Gas	June	0.4%	-0.1%	0.0%	
PPI MOM	June	0.0%	0.1%	0.0%	
PPI MOM ex Food & Energy	June	0.2%	0.1%	0.3%	
PPI YOY	June	1.9%	2.0%	2.4%	
PPI YOY ex Food & Energy	June	2.0%	1.9%	2.1%	
CPI MOM	June	0.1%	0.0%	-0.1%	
CPI MOM ex Food & Energy	June	0.2%	0.1%	0.1%	
CPI YOY	June	1.7%	1.6%	1.9%	
CPI YOY ex Food & Energy	June	1.7%	1.7%	1.7%	
Industrial Production	June	0.3%	0.4%	0.0%	0.1%
Housing Starts	June	1,160,000	1,215,000	1,092,000	1,122,000
Building Permits	June	1,201,000	1,254,000	1,168,000	
New Home Sales	June	615,000	610,000	610,000	605,000
Existing Home Sales	June	5,570,000	5,520,000	5,620,000	
Leading Index	June	0.4%	0.6%	0.3%	0.2%
Durable Goods Orders	June (P)	3.9%	6.5%	-0.8%	-0.1%
S&P CoreLogic CS 20-City YOY	May	5.80%	5.69%	5.67%	5.77%
Personal Income	June	0.4%	0.0%	0.4%	0.3%
Personal Spending	June	0.1%	0.1%	0.1%	0.2%
GDP Annualized QOQ	2Q (A)	2.7%	2.6%	1.4%	1.2%
Univ. of Mich. Sentiment	July (F)	93.2	93.4	93.1	

P = Partial, A = Advance, F = Final

Source: Bloomberg



## Monthly Recap

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