Weekly Update

Consumer Confidence Remains Strong

As of March 31, 2017

BPU INVESTMENT MANAGEMENT INC.

Member FINRA/SIPC, a registered investment advisor

The Economy

- An upward revision to fourth-quarter gross domestic product produced a final reading of 2.1% annualized growth. Durables spending and residential investment contributed most (up 11.4% and 9.6%, respectively), while net exports detracted.
- Personal incomes improved by 0.4% in February, while consumer spending rose a weaker-than-expected 0.1%. Personal consumption expenditures — the Federal Reserve's preferred inflation measure — rose to 2.1% year over year, above the central bank's 2% target for the first time in five years.
- The international trade deficit narrowed in February to $64.8 billion from $69.2 billion in the previous month. A drop in consumer goods and vehicle imports helped thin the gap; imports were down 2.1% overall, while exports declined by 0.1%, as the weaker dollar made imports more expensive for consumers.
- The S&P CoreLogic Case-Shiller Home Price Index continued to climb higher, by 0.9% in January and 5.7% in the 12-month period, as housing stock remained tight.
- Consumer confidence surged to a 17-year high in March, according to the Conference Board, on strong employment and income expectations. The research group also found that consumers continue to anticipate economic growth in the near future. The University of Michigan's consumer sentiment survey also remained elevated.
- Mortgage purchase applications rose by 1% in the week ending March 24, but refinancing applications fell by 3% to their lowest level since October 2008. Adjustable-rate mortgage applications accounted for 8.5% of all home-loan applications, as borrowers continued to seek shorter-term loans with fixed rates.
- Initial jobless claims fell by 3,000 to 258,000 in the week ending March 25. The four-week moving average (widely seen as a more reliable gauge of unemployment) grew by 15,000 to 254,250. Continuing claims were also higher, up 65,000 to 2.052 million for the week ending March 18.
- U.K. economic growth expanded in the fourth quarter by 0.7% and 1.9% year over year — driven by trade and consumer spending, while business investment was soft. This week, Prime Minister Theresa May invoked Article 50, the legislation that formally began the process for Britain to leave the European Union.
- Eurozone economic confidence was marginally lower in March as gaining sentiment among consumers and within construction was offset by reduced certainty within industrials and services sectors.
- Japanese industrial production rose at the quickest pace in eight months, up 2.0% in February, an indication that an increase in overseas demand continued to benefit exports.
- Chinese factory activity remained strong in March; the official purchasing managers' index came in above forecasts (at 51.8), while the official non-manufacturing purchasing managers' index registered the highest reading in nearly three years (at 55.1).

U.S. Economic Calendar

- April 3: PMI Manufacturing Index, ISM Manufacturing Index
- April 4: International Trade, Factory Orders
- April 5: ADP Employment Report, ISM Non-Manufacturing Index
- April 6: Jobless Claims
- April 7: Employment Situation

Stocks

- Global equities advanced this week, led by Latin America and Europe, while developed Asian markets retreated.
- Most U.S. equity sectors were positive this week. Energy and consumer discretionary led, while utilities and telecommunications lagged. Growth stocks modestly outpaced value stocks and small-company stocks beat large-company stocks.

Bonds

- Global bonds were mixed this week. Global high-yield bonds outperformed, followed by global corporates. Global government bonds lagged.
- U.S. Treasury yields were marginally higher this week as investors attributed a three-week high in oil to a shift in inflationary expectations.

The Numbers as of March 31, 2017	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI ($)	0.7%	6.9%	13.2%	450.8
MSCI EAFE ($)	0.2%	7.0%	9.1%	1802.1
MSCI Emerging Mkts ($)	0.0%	12.4%	15.9%	969.5
US & Canadian Equities				
Dow Jones Industrials ($)	0.3%	4.6%	16.8%	20663.2
S&P 500 ($)	0.8%	5.5%	14.7%	2362.7
NASDAQ ($)	1.4%	9.8%	21.4%	5911.7
S&P/ TSX Composite (C$)	0.9%	1.9%	15.4%	15574.7
UK & European Equities				
FTSE All-Share (£)	-0.1%	3.0%	17.5%	3990.0
MSCI Europe ex UK (€)	1.0%	6.1%	14.3%	1284.1
Asian Equities				
Topix (¥)	-2.0%	-0.4%	12.3%	1512.6
Hong Kong Hang Seng ($)	-1.0%	9.6%	16.1%	24111.6
MSCI Asia Pac. Ex-Japan ($)	0.8%	13.1%	15.7%	482.6
Latin American Equities				
MSCI EMF Latin America ($)	1.4%	13.6%	22.6%	2658.6
Mexican Bolsa (peso)	-1.1%	6.4%	5.8%	48554.7
Brazilian Bovespa (real)	1.9%	8.0%	30.0%	65057.8
Commodities ($)				
West Texas Intermediate Spot	6.9%	-5.8%	32.0%	50.6
Gold Spot Price	0.1%	8.4%	1.4%	1249.9
Global Bond Indices ($)				
Barclays Global Aggregate ($)	0.0%	1.9%	-1.8%	459.9
JPMorgan Emerging Mkt Bond	0.2%	4.2%	9.1%	770.2
10-Year Yield Change (basis points*)				
US Treasury	-2	-5	62	2.39%
UK Gilt	-6	-10	-28	1.14%
German Bund	-8	12	17	0.33%
Japan Govt Bond	1	2	10	0.07%
Canada Govt Bond	-1	-9	40	1.63%
Currency Returns**				
US$ per euro	-1.2%	1.4%	-6.3%	1.066
Yen per US$	0.0%	-4.8%	-1.1%	111.32
US$ per £	0.5%	1.5%	-12.7%	1.253
C$ per US$	-0.6%	-1.1%	2.3%	1.330

Source: Bloomberg. Equity-index returns are price only, others are total return. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Newlin Archinal CFP®, CRPC®, AIF®
Vice President
BPU Investment Management, Inc.
One Oxford Centre
301 Grant Street, Suite 3300
Pittsburgh, PA 15219
P: 412.288.9150
F: 412.288.9180
www.bpuinvestments.com
Member FINRA/SIPC & an SEC registered investment advisor

Index returns are for illustrative purposes only and do not represent actual fund performance.

Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly owned subsidiary of SEI Investments Company.