

# Weekly Update

## Consumer Sentiment Strength Sustained

### As of May 12, 2017



Member FINRA/SIPC,  
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#### The Economy

- The University of Michigan's consumer sentiment reading continued to strengthen in May, hitting a four-month high. Expectations for increased job and financial prospects among consumers improved, while their assessment of current conditions remained at a 17-year peak.
- The number of job openings jumped by 1.1% in March, according to the Department of Labor; however, hiring was up just 0.2% in the month, as employers struggled to find qualified workers. Openings in manufacturing moved 8.2% higher, signaling ongoing optimism about future growth within the sector.
- Mortgage purchase applications advanced by 2.0% in the week ending May 5, as an improving consumer outlook and strong job market continued to push homebuyers back to the market. Refinancing applications climbed by 3.0% in the week, but were 32% less than last year (when interest rates were lower).
- Import prices increased for the fifth straight month in March, by a more-than-expected 0.5%, lifting year-over-year prices by 4.1%; fuel import prices significantly contributed, expanding by 1.6% in the month. Export prices inched up 0.2% for the month and 3.0% year over year.
- Initial jobless claims decreased by 2,000 to 236,000 in the week ending May 6. The four-week moving average (considered a more reliable gauge of unemployment) rose by 500 to 243,500. Continuing claims for the week ending April 29 declined by 61,000, while the four-week moving average of continuing claims fell by 27,000 to a 43-year low of 1.966 million.
- Consumer prices advanced by 0.2% in April, bringing year-over-year growth to 2.2%. Weakness in clothing, communications and medical care mitigated elevated gasoline and heating gas costs. Producer prices were propelled by strength within energy and services, gaining 0.5% for the month and 2.5% annually, to the highest point since March 2012.
- Retail sales edged up by 0.4% in April as consumer spending failed to improve by as much as anticipated. Core retail sales, which exclude autos, gas, building materials and food services, grew by 0.2%. March's total reading was revised from a 0.2% drop to a 0.1% uptick, while the core reading was revised from 0.5% to a stronger 0.7%.
- Industrial production in the eurozone slid by 0.1% in March; gains in non-durable consumer goods, durables and intermediates erased losses attributed to prices.
- The Bank of England left interest rates unchanged at 0.25%, as economic growth and consumer spending slowed in the first quarter. The central bank also maintained its asset-purchase program, holding its conservative stance until the Brexit process becomes clearer.
- Consumer prices in China beat estimates in April, strengthening by 1.2%. Producer price growth slowed, but increased 6.4% year over year, as fuel and energy costs notably supported the gain.

#### U.S. Economic Calendar

- May 15: Housing Market Index
- May 16: Housing Starts, Industrial Production
- May 17: Mortgage Applications
- May 18: Jobless Claims, Philadelphia Fed, Leading Indicators

#### Stocks

- Global equities were flat in aggregate this week. Emerging markets performed well, while developed markets were slightly negative.
- U.S. equity sectors were negative except for information technology and energy; materials and financials declined by the most. Growth stocks outperformed value stocks and large-company stocks beat small-company stocks.

#### Bonds

- Global bonds were lower this week. Global government bonds were weakest, followed global corporate bonds and high-yield bonds.
- U.S. Treasury yields fell this week, although long-term Treasuries touched their highest yields since late March earlier in the week.

The Numbers as of May 12, 2017	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indices</b>				
MSCI ACWI (\$)	0.0%	8.8%	15.6%	459.1
MSCI EAFE (\$)	-0.3%	10.4%	12.9%	1858.5
MSCI Emerging Mkts (\$)	2.3%	16.0%	24.0%	1000.3
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	-0.5%	5.7%	17.9%	20896.6
S&P 500 (\$)	-0.4%	6.7%	15.8%	2389.5
NASDAQ (\$)	0.3%	13.7%	29.2%	6121.2
S&P/TSX Composite (C\$)	-0.3%	1.6%	12.6%	15529.8
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.6%	5.1%	21.3%	4071.2
MSCI Europe ex UK (€)	-0.5%	10.9%	21.2%	1343.0
<b>Asian Equities</b>				
Topix (¥)	2.0%	4.1%	18.2%	1580.7
Hong Kong Hang Seng (\$)	2.8%	14.3%	26.3%	25156.3
MSCI Asia Pac. Ex-Japan (\$)	1.8%	15.6%	22.4%	493.1
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	2.3%	14.4%	21.0%	2678.2
Mexican Bolsa (peso)	-0.2%	8.2%	8.1%	49395.7
Brazilian Bovespa (real)	3.7%	13.1%	28.0%	68123.3
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	3.5%	-10.9%	2.4%	47.8
Gold Spot Price	-0.1%	6.4%	-3.4%	1227.3
<b>Global Bond Indices (\$)</b>				
Barclays Global Aggregate (\$)	-0.7%	2.1%	-2.6%	460.8
JPMorgan Emerging Mkt Bond	0.2%	5.5%	8.1%	780.0
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	-2	-12	58	2.33%
UK Gilt	-3	-15	-32	1.09%
German Bund	-3	18	23	0.39%
Japan Govt Bond	3	0	17	0.05%
Canada Govt Bond	3	-15	25	1.57%
<b>Currency Returns**</b>				
US\$ per euro	-0.6%	3.9%	-3.9%	1.093
Yen per US\$	0.5%	-3.2%	3.9%	113.26
US\$ per £	-0.7%	4.4%	-10.8%	1.289
C\$ per US\$	0.4%	2.0%	6.7%	1.371
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.				

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