Weekly Update

# Jobs Jump in January

## As of February 3, 2017

Member FINRA/SIPC
An SEC registered investment advisor

### The Economy

- The U.S. economy added 227,000 jobs in January, far exceeding the expected 175,000. The construction and finance sectors saw the most hiring during the month. Unemployment inched up by 0.1% but remained low at 4.8%. Average hourly wage growth advanced by a tepid 0.1% in January, while the December figure was revised 0.4% lower — the combination of which decreases the likelihood of a March interest-rate hike.
- The Federal Reserve made no changes to interest rates in January, citing sustained labor-market strength and moderate economic expansion, accompanied by low unemployment and rising household spending. The central bank gave no indication on the timing of another hike; although several are expected this year.
- Markit's January manufacturing purchasing managers' index (PMI) came in slightly lower than expected; although new orders, backlogs and hiring accelerated, with most components of the reading reaching their best levels in a year. Meanwhile, The Institute for Supply Management's PMI beat expectations, led by new orders and employment. Both reports suggest that manufacturing got off to a healthy start this year.
- According to the Conference Board, consumer confidence remained strong in January despite retreating slightly from December's 15-year high. Inflation expectations leapt after crashing in the previous month. The number of survey respondents reporting difficulty with securing a job was lower in January, while a higher number said they anticipate less opportunity in six months.
- Initial jobless claims contracted by 14,000 to 246,000 for the week ending January 28, while the four-week moving average (which smooths out volatility in the weekly reading) hit a new record, remaining under 250,000 for the third consecutive week. Continuing claims for the week ending January 21 moved down by 39,000 to 2.064 million.
- Factory orders grew by 1.3% in December. An increase in energy prices boosted nondurable orders; although durable orders saw a 0.5% decline as a result of fewer defense-aircraft orders. Excluding defense aircraft, the core-capital goods reading jumped 0.7%, pointing to growing confidence in business and spending plans. Shipments rose by 2.2%, the largest gain since December 2010.
- Initial estimates of fourth-quarter gross domestic product in the eurozone came in above expectations at 0.5%, its best reading in a year. Economic sentiment in the region rose for the fifth consecutive month to its highest level in nearly six years, led by improved industrial morale, rising consumer confidence and significantly higher selling-price and household-inflation expectations.
- Chinese manufacturing continued to expand in January, albeit at a slower pace, marking seven consecutive months of growth in the sector. Meanwhile, the People's Bank of China hiked short-term rates by 0.10% in an effort to tighten monetary policy and reduce long-term financial risk.

### U.S. Economic Calendar

- February 7: Consumer Credit, International Trade, Job Outlook and Labor Turnover
- February 8: Mortgage Applications
- February 9: Jobless Claims
- February 10: Import and Export Prices

### Stocks

- Global equities advanced this week. Emerging-market equities led developed markets by a small margin.
- U.S. sectors were mixed for the week. Healthcare and consumer staples outperformed while telecommunications and materials lagged. Value stocks growth value stocks and small-company stocks outperformed their large-company counterparts.

### Bonds

- Global bond markets were up this week. Global government bonds outperformed, followed by high-yield bonds, while corporate bonds lagged.
- After the FOMC decided to hold rates steady, U.S. Treasury yields fell this week, with the exception of 30-year yields.

| The Numbers as of February 3, 2017 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indices** | | | | |
| MSCI ACWI ($) | 0.1% | 3.5% | 17.3% | 436.5 |
| MSCI EAFE ($) | 0.0% | 3.4% | 9.9% | 1741.8 |
| MSCI Emerging Mkts ($) | 0.3% | 6.6% | 24.2% | 918.9 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | -0.1% | 1.6% | 22.3% | 20071.5 |
| S&P 500 ($) | 0.1% | 2.6% | 19.9% | 2297.4 |
| NASDAQ ($) | 0.1% | 5.3% | 25.7% | 5666.8 |
| S&P/ TSX Composite (C$) | -0.6% | 1.2% | 21.2% | 15476.4 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 0.3% | 0.9% | 20.6% | 3907.7 |
| MSCI Europe ex UK (€) | -0.5% | 0.9% | 11.6% | 1221.6 |
| **Asian Equities** | | | | |
| Topix (¥) | -2.2% | -0.2% | 9.1% | 1515.0 |
| Hong Kong Hang Seng ($) | -1.0% | 5.1% | 20.6% | 23129.2 |
| MSCI Asia Pac. Ex-Japan ($) | 0.1% | 6.5% | 20.6% | 454.3 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | 0.7% | 9.6% | 43.8% | 2565.1 |
| Mexican Bolsa (peso) | -0.4% | 3.5% | 7.9% | 47225.1 |
| Brazilian Bovespa (real) | -1.6% | 7.8% | 59.1% | 64953.9 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | 1.2% | 0.2% | 69.7% | 53.8 |
| Gold Spot Price | 2.5% | 5.7% | 5.5% | 1218.9 |
| **Global Bond Indices ($)** | | | | |
| Barclays Global Aggregate ($) | 0.7% | 1.0% | 0.5% | 456.0 |
| JPMorgan Emerging Mkt Bond | 0.7% | 2.2% | 12.8% | 755.0 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | -2 | 2 | 63 | 2.47% |
| UK Gilt | -12 | 12 | -22 | 1.35% |
| German Bund | -5 | 21 | 11 | 0.41% |
| Japan Govt Bond | 2 | 5 | 4 | 0.10% |
| Canada Govt Bond | -2 | 4 | 62 | 1.77% |
| **Currency Returns**** | | | | |
| US$ per euro | 0.8% | 2.5% | -3.8% | 1.078 |
| Yen per US$ | -2.2% | -3.7% | -3.6% | 112.61 |
| US$ per £ | -0.6% | 1.2% | -14.4% | 1.248 |
| C$ per US$ | -1.0% | -3.1% | -5.3% | 1.302 |

**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.*