

Weekly Update

March Jobs Report More Lamb than Lion

As of April 7, 2017



Member FINRA/SIPC,
a registered investment advisor

The Economy

- Job creation in the U.S. slowed by more than expected in March, to 98,000 from more than 200,000 in the previous month; many economists attributed the downturn to bad weather in the Northeast. Retail declined the most, while employment expanded within professional services and mining. The unemployment rate nevertheless fell by 0.2% to 4.5%, the lowest level since May 2007. Average hourly earnings rose by 2.7% year over year.
- The trade deficit was reduced to \$43.6 billion in February from a revised \$48.2 billion in January. Imports contracted by 1.8% on weakened demand for foreign consumer goods; exports grew by 0.2%, partly due to small gains in consumer-goods shipments.
- Construction spending advanced by 0.8% to an 11-year high in February, and by 3% year over year. Both single-family and multi-family residential construction picked up, as builders responded to continued solid demand and increasing existing-home sales prices.
- Factory orders grew by 1% in February, led by civilian and defense aircraft. Core capital-goods orders softened by 0.1%, a sign of persistently waning business investment. Shipments rose by 0.3%, while wholesale inventories increased by 0.2%.
- The Institute for Supply Management's March manufacturing purchasing managers' index (PMI) beat expectations for the seventh straight month despite slowing from February. New export orders and employment were both strong. A similar report from Markit showed that manufacturing, while still solid, may be losing momentum: new orders, output and hiring all declined in March.
- Mortgage-purchase applications rose by 1% in the week ending March 31; refinancing applications fell by 4% to the lowest level since October 2008, likely a result of rising mortgage rates.
- Initial jobless claims fell by 25,000 to 234,000 in the week ending April 1, while the four-week moving average (widely seen as a more reliable gauge of unemployment) declined by 4,500 to 250,000. Continuing claims also decreased, by 24,000 to 2.028 million for the week ending March 25.
- Industrial production in the U.K. contracted for the second consecutive month in February, by 0.7% in the month and 0.5% for the year, bringing annual growth to 2.8%. PMI manufacturing continued to expand, but at the slowest pace in four months on weaker consumer goods activity.
- The Governing Council of the European Central Bank made no major monetary policy changes, remaining cautiously optimistic about the region's broad-based economic recovery.
- Japan's PMI composite rose to a 19-month high in March; both manufacturing and service-sector activity remained robust, particularly new-order growth and hiring.
- Economic growth in China moderated in March but remained in expansion territory, according to the PMI composite reading. Output and new-order growth slowed in both the manufacturing and service sectors, while employment was mixed: hiring declined slightly in manufacturing yet increased in services.

U.S. Economic Calendar

- April 11: Job Openings and Labor Turnover Survey
- April 12: Mortgage Applications, Import and Export Prices
- April 13: Jobless Claims, Producer Prices, Consumer Sentiment
- April 14: Consumer Price Index, Retail Sales, Business Inventories

Stocks

- Global equities were mostly negative this week, with the exception of emerging markets.
- U.S. equity sectors were mixed this week. Energy and materials led, while financials and telecommunications lagged. Value stocks modestly underperformed growth stocks and large-company stocks beat small-company stocks.

Bonds

- Global bonds were positive this week. Global corporate bonds outperformed, followed by global government bonds. Global high-yield bonds brought up the rear.
- U.S. Treasury yields edged up this week after New York Federal Reserve President William Dudley indicated there will be little pause to the pace of interest-rate hikes this year.

The Numbers as of April 7, 2017	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI (\$)	-0.3%	6.1%	14.4%	447.6
MSCI EAFE (\$)	-0.7%	5.7%	10.7%	1780.4
MSCI Emerging Mkts (\$)	0.5%	11.7%	19.0%	963.3
US & Canadian Equities				
Dow Jones Industrials (\$)	0.0%	4.5%	17.8%	20656.1
S&P 500 (\$)	-0.2%	5.3%	15.4%	2357.0
NASDAQ (\$)	-0.6%	9.2%	21.2%	5877.8
S&P/TSX Composite (C\$)	0.7%	2.5%	18.1%	15663.4
UK & European Equities				
FTSE All-Share (£)	0.5%	3.5%	19.0%	4010.3
MSCI Europe ex UK (€)	-0.2%	6.2%	17.9%	1285.3
Asian Equities				
Topix (¥)	-1.5%	-1.9%	17.1%	1489.8
Hong Kong Hang Seng (\$)	0.6%	10.3%	19.7%	24267.3
MSCI Asia Pac. Ex-Japan (\$)	0.2%	12.5%	18.5%	480.2
Latin American Equities				
MSCI EMF Latin America (\$)	1.1%	12.7%	29.7%	2639.0
Mexican Bolsa (peso)	1.6%	8.1%	9.5%	49337.7
Brazilian Bovespa (real)	-0.8%	7.0%	32.9%	64451.1
Commodities (\$)				
West Texas Intermediate Spot	3.2%	-2.8%	40.2%	52.2
Gold Spot Price	0.9%	9.3%	1.9%	1260.5
Global Bond Indices (\$)				
Barclays Global Aggregate (\$)	0.2%	2.0%	-2.5%	460.3
JPMorgan Emerging Mkt Bond	0.4%	4.3%	9.4%	771.1
10-Year Yield Change (basis points*)				
US Treasury	-1	-6	69	2.38%
UK Gilt	-6	-16	-25	1.07%
German Bund	-10	2	14	0.23%
Japan Govt Bond	-1	2	11	0.06%
Canada Govt Bond	-3	-13	43	1.60%
Currency Returns**				
US\$ per euro	-0.5%	0.8%	-6.8%	1.060
Yen per US\$	-0.2%	-5.0%	2.7%	111.15
US\$ per £	-1.4%	0.3%	-12.0%	1.238
C\$ per US\$	0.7%	-0.3%	2.0%	1.341

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.