Weekly Update
Jobs Stay Hot in January
As of January 13, 2017

Member FINRA/SIPC,
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The Economy
- Initial jobless claims clocked in at 247,000 for the week ending January 7, a 10,000 increase from the prior week (which was revised upward by 2,000) but remain low. Claim measurements can be difficult at this time of year due to the winter holidays. The reading has now been below 300,000 for 97 consecutive weeks. Continuing claims fell by 29,000 for the week ending December 31.
- According the Jobs Outlook and Labor Turnover survey, 5.5 million jobs opened in November, while hiring totaled only 5.2 million. This differential suggests that employers are having difficulty finding qualified workers.
- Producer prices gained 0.3% in December on the strength of increased food and energy prices; year-over-year prices inched up by 0.3% to 1.6%, which, while still below the 2% target, points to moderate improvement.
- Mortgage purchase applications jumped 6% in the week ending January 6, while refinancing applications rose 4% and mortgage rates slightly retreated. The year-over-year purchase index fell 18%, potentially weak home sales over the long-term.
- Import prices rose by 0.4% and export prices advanced by 0.3% in December. Both readings indicate growing inflation. The increase in import prices was tied to energy prices, which jumped 7.9% in the month. Export prices are mainly influenced by agricultural prices; but December's lift was related to higher petroleum prices, while agriculture remained nearly flat on the month.
- November's consumer-credit reading points to continued economic confidence. Revolving credit grew by $11 billion in November, and non-revolving credit climbed by $13.5 billion — evidence of robust vehicle financing as well as student borrowing.
- Retail sales expanded by 0.6% in December, which looks encouraging on the surface; however, excluding vehicle sales and gasoline, consumer spending was flat for the month. Apparel sales, which give the clearest picture of consumer spending, were unchanged for the second consecutive month.
- Minutes from the European Central Bank's (ECB) December meeting revealed that members agreed that continued slow growth in the region would prevent inflation from reaching the ECB's 2% target in the near-term; however, deflation concerns appear to have scaled back.
- November was a good month for industrial production in the U.K. Total production rose by 2.1% for the month (the best growth since April), and annual growth moved up to 2% from -0.9%.
- Consumer prices in China rose 2.1% in December (slightly less than forecasted), led by food prices. Price pressures have improved in several sectors, including education, healthcare, transport and communication. Inflation ranged from 1.3% to 2.3% throughout the year, falling considerably short of China's nearly 3% target for 2016; but consumer prices have picked up recently. Meanwhile, producer prices shot up 5.5% for the year over year in December — the strongest increase since 2011. Prices for production materials led, followed by fuel and power prices.

U.S. Economic Calendar
- January 18: Consumer Prices, Industrial Production, Mortgage Applications
- January 19: Housing Starts, Jobless Claims, Philly Fed

Stocks
- U.S. stocks were mostly down this week. Oil posted its largest decline since November, the U.S. dollar fell to its lowest point in nearly one month and gold fell from a two-month high. Global equities were mostly positive.
- U.S. sectors were mixed. Consumer discretionary and information technology led while consumer staples and energy lagged. Small-company stocks beat large-company stocks and growth stocks outperformed value stocks.

Bonds
- Global bond markets were positive this week. Global government bonds did best, followed by global corporate bonds. Global high-yield bonds lagged.
- U.S. Treasury yields slid for the fourth consecutive week as investors grappled with uncertainty over the details of the incoming Trump administration's policies.

The Numbers as of January 13, 2017	1 Week	YTD	1 Year	Friday's Close
Global Equity Indices				
MSCI ACWI ($)	0.2%	2.1%	16.0%	430.6
MSCI EAFE ($)	0.5%	2.3%	8.7%	1722.2
MSCI Emerging Mkts ($)	1.8%	4.0%	24.0%	896.6
US & Canadian Equities				
Dow Jones Industrials ($)	-0.4%	0.6%	21.4%	19885.7
S&P 500 ($)	-0.1%	1.6%	18.4%	2274.6
NASDAQ ($)	1.0%	3.5%	20.8%	5574.1
S&P/ TSX Composite (C$)	0.0%	1.4%	25.6%	15494.0
UK & European Equities				
FTSE All-Share (£)	1.5%	2.5%	21.7%	3971.7
MSCI Europe ex UK (€)	-0.9%	0.4%	7.7%	1216.0
Asian Equities				
Topix (¥)	-0.5%	1.7%	9.8%	1544.9
Hong Kong Hang Seng ($)	1.9%	4.3%	15.7%	22937.4
MSCI Asia Pac. Ex-Japan ($)	2.0%	4.6%	19.6%	446.2
Latin American Equities				
MSCI EMF Latin America ($)	2.5%	4.4%	45.3%	2442.9
Mexican Bolsa (peso)	0.2%	1.2%	11.7%	46184.5
Brazilian Bovespa (real)	3.2%	5.7%	61.1%	63651.5
Commodities ($)				
West Texas Intermediate Spot	-3.0%	-2.5%	67.9%	52.4
Gold Spot Price	1.9%	3.8%	11.0%	1196.5
Global Bond Indices ($)				
Barclays Global Aggregate ($)	0.8%	0.8%	2.5%	455.1
JPMorgan Emerging Mkt Bond	0.1%	1.3%	13.2%	749.0
10-Year Yield Change (basis points*)				
US Treasury	-2	-5	31	2.40%
UK Gilt	-2	13	-37	1.36%
German Bund	4	13	-24	0.34%
Japan Govt Bond	-1	0	-19	0.05%
Canada Govt Bond	-2	-1	48	1.72%
Currency Returns**				
US$ per euro	1.0%	1.2%	-2.1%	1.064
Yen per US$	-2.1%	-2.1%	-3.0%	114.52
US$ per £	-0.8%	-1.2%	-15.4%	1.219
C$ per US$	-0.8%	-2.3%	-8.6%	1.313

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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