



COMMENTARY

The producer price index (PPI) increased by 0.3% in February when a monthly increase of only 0.1% was anticipated. The core PPI, which excludes food and energy prices, also increased by 0.3% compared to expectations of 0.2%. On an annual basis, the headline PPI rose 2.2%, again surpassing expectations of 1.9%, and the core PPI increased 1.5% on a yearly basis through February as expected. The consumer price index (CPI) rose 0.1% in February when it was expected to be flat for the month. The core CPI increased 0.2% for the month as expected. On a year-over-year basis, the CPI rose 2.7% and the core CPI increased 2.2% in February, both matching expectations.

Regional manufacturing readings covering the New York and Philadelphia areas both surpassed expectations in March, but both were also lower than the prior month's levels. Separately, industrial production for February was flat when it was expected to increase by 0.2%. However, the largest component of this reading is manufacturing and it increased by 0.5% for the month as anticipated. Mining production also increased in February but warm weather caused utility production to decline.

Retail sales increased by 0.1% in February and retail sales excluding autos and gas stations rose 0.2%, both matching expectations. Prior month data was revised higher for both of these readings.

Housing starts were expected to increase to a 1.264 million annual rate in February, but instead they came in at a better-than-expected 1.288 million rate. Building permits at a 1.213 million annual rate in February were below expectations of a 1.268 million annual pace.

The preliminary consumer sentiment reading for March from the University of Michigan increased to 97.6, better than expectations of 97.0 and continued to reflect strong confidence among consumers.

The Conference Board's leading economic indicator index increased 0.6% for the month of February, ahead of expectations of a 0.5% gain.

The Federal Open Market Committee met this week and increased policy rates as expected.

Next week, existing and new home sales for February will provide more insight on housing market activity. Also, preliminary durable and capital goods orders for February are scheduled to be released.

MARKET ACTIVITY UPDATE	3/8/2017 - 3/15/2017	YTD AS OF 3/15/2017
S&P 500 Total Return:	+0.99%	+7.03%
Russell 1000 Value Total Return:	+0.93%	+4.72%
U.S. 10-Year Treasury Yield:	-7 bps (3/15/17 close 2.49%)	+5 bps
Crude Oil WTI:	-2.82% (3/15/17 close \$48.86 per barrel)	-9.05%

Source: Bloomberg. (Some numbers are rounded.)



S&P 500 Index Total Return: The Standard and Poor's 500 Index is a capitalization-weighted index. It is a measure of U.S. stocks that represent all major industries and is designed to measure the performance of the broad U.S. economy through changes in its market value. (The total return for this index is used in the Market Activity Update table.)

Russell 1000 Value Index Total Return: The Russell 1000 Value Index is an index that is used to measure the performance of a subset of the Russell 1000 companies that have lower price-to-book ratios and lower forecasted growth values. (The total return for this index is used in the Market Activity Update table.)

U.S. 10-Year Treasury Yield: Generic yield for 10-year U.S. government bonds.

Crude Oil WTI: Crude oil futures contract for West Texas Intermediate crude oil.

Source: Bloomberg.

You cannot invest directly in an index.

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