



## COMMENTARY

The Institute for Supply Management (ISM) manufacturing index came in as expected at 57.2 in March, which was a modest drop from February's mark of 57.7. The February reading had put this index at its highest point since August 2014. The ISM non-manufacturing index, which covers the much larger service industries of the U.S. economy, was well below expectations at 55.2, when a reading of 57.0 was anticipated. This was the lowest level for this index since October 2016, but the February mark had been at the highest level since October 2015. Recall that ISM readings above 50 signal expansion, so both the manufacturing and non-manufacturing indices stayed comfortably within growth territory in March.

Factory orders grew as expected by 1.0% for the month of February, while final durable goods orders increased 1.8%, just ahead of the expected monthly gain of 1.7%. The final non-defense capital goods orders (excluding aircraft and parts) reading for February was the same as the prior estimate, showing a decline of 0.1% for the month.

Employment data was mixed for March. Non-farm payroll additions increased by only 98,000 when a gain of 180,000 was expected. Furthermore, the prior two-month payroll additions were revised down by 38,000. Some weather factors could have impacted the payroll numbers over the last couple of months. On a positive note, the unemployment rate fell unexpectedly to 4.5% in March when it was expected to remain at 4.7%. This was the lowest unemployment rate since May 2007. The underemployment rate fell as well to 8.9% in March, the lowest level since December 2007. Average hourly earnings increased by 2.7% as expected on a year-over-year basis through March.

Next week, several price level readings are scheduled to be announced. Those readings include the import, producer and consumer price indices for March. The preliminary consumer sentiment reading from the University of Michigan for April will also be released. Business inventories for February are also scheduled to be announced. Finally, retail sales for March will be released and will provide some insight on recent consumer spending activity.

MARKET ACTIVITY UPDATE	3/29/2017 - 4/5/2017	YTD AS OF 4/5/2017
S&P 500 Total Return:	-0.31%	+5.66%
Russell 1000 Value Total Return:	-0.27%	+2.81%
U.S. 10-Year Treasury Yield:	-4 bps (4/5/17 close 2.34%)	-11 bps
Crude Oil WTI:	+3.31% (4/5/17 close \$51.15 per barrel)	-4.78%

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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