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Market Week: April 10, 2017

The Markets (as of market close April 7, 2017)

Stocks gave back the prior week's gains as each of the indexes listed here lost value by last Friday's market close. The small-cap Russell 2000, which had gained over 2.0% the prior week, fell over 1.5% and is once again in danger of falling below its year-end closing value. Energy stocks rallied midweek, riding the increase in oil prices. However, that surge wasn't enough to keep the large-cap Dow from falling back a bit. The labor report, while positive, came in well below expectations, which may have dampened investor enthusiasm by the close of the markets last Friday.

The price of crude oil (WTI) increased last week, closing at \$52.29 per barrel, up from the prior week's closing price of \$50.85 per barrel. The price of gold (COMEX) continued to climb, closing at \$1,256.10 by late Friday afternoon, up from the prior week's price of \$1,250.60. The national average retail regular gasoline price increased to \$2.360 per gallon on April 3, 2017, \$0.045 higher than the prior week's price and \$0.277 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 4/7	Weekly Change	YTD Change
DJIA	19762.60	20663.22	20656.10	-0.03%	4.52%
Nasdaq	5383.12	5911.74	5877.81	-0.57%	9.19%
S&P 500	2238.83	2362.72	2355.54	-0.30%	5.21%
Russell 2000	1357.13	1385.92	1364.56	-1.54%	0.55%
Global Dow	2528.21	2691.45	2678.27	-0.49%	5.94%
Fed. Funds target rate	0.50%-0.75%	0.75%-1.00%	0.75%-1.00%	0 bps	25 bps
10-year Treasuries	2.44%	2.38%	2.38%	0 bps	-6 bps

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Headlines

- The employment sector continued to strengthen in March, although job growth slowed compared to the first two months of the quarter. According to the report from the Bureau of Labor Statistics, total employment edged up by 98,000 in March. By comparison, there were 219,000 new jobs added in February and 216,000 new jobs added in January. The unemployment rate declined 0.2 percentage point to 4.5%. The number of unemployed persons dropped 326,000 to 7.2 million. Over the past 12 months, the number of long-term unemployed was down by 526,000. At 63.0%, the labor participation rate was unchanged from the prior month. The employment-to-population ratio was 60.1% — 0.1 percentage point more than February. Over the month, employment growth occurred in professional and business services (+56,000) and in mining (+11,000), while retail trade lost jobs (-30,000). The average workweek in March was 34.3 hours, and the average hourly earnings increased \$0.05 to \$26.14 following a \$0.07 increase in February.

Key Dates/Data Releases

4/11: JOLTS

4/12: Import and export prices, Treasury budget

4/13: Producer Price Index, consumer sentiment

4/14: Consumer Price Index, retail sales

- The manufacturing sector expanded in March, but at a slower pace than February. According to the latest Manufacturing ISM® Report On Business®, the March purchasing managers' index came in at 57.2%, down slightly from the February reading of 57.7%. A reading of 50% or better indicates expansion. The Markit U.S. Manufacturing PMI™ fell to 53.3 in March compared to 54.2 in February. Both the ISM® and Markit reports showed new orders and manufacturing output slowed in March.
- Economic activity in the non-manufacturing sector also grew in March, according to the latest Non-Manufacturing ISM® Report On Business®. The non-manufacturing index registered 55.2%, which is 2.4 percentage points lower than the February reading of 57.6%. Business activity and new orders increased in March, but not at the level of expansion in February. Growth in prices and employment also slowed in March compared to the prior month. While respondents were generally positive about the overall economy and business conditions, they expressed a degree of uncertainty about future government policies on health care, trade and immigration, and the potential impact on business.
- The final report on international trade in goods and services for February revealed the goods and services deficit was \$43.6 billion for the month, down \$4.6 billion from \$48.2 billion in January, revised. February exports were \$192.9 billion, \$0.4 billion more than January exports. February imports were \$236.4 billion, \$4.3 billion less than January imports. Year-to-date, the goods and services deficit increased \$2.8 billion, or 3.1%, from the same period in 2016. Exports increased \$25.8 billion, or 7.2%. Imports increased \$28.6 billion, or 6.4%. Year-to-date, the largest U.S. trade deficit in goods is with China at \$61.9 billion, followed by the European Union at \$25.4 billion.
- In the week ended April 1, the advance figure for seasonally adjusted initial claims for unemployment was 234,000, a decrease of 25,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 258,000 to 259,000. The advance seasonally adjusted insured unemployment rate remained at 1.5%. The advance number for seasonally adjusted insured unemployment during the week ended March 25 was 2,028,000, a decrease of 24,000 from the previous week's unrevised level of 2,052,000. The four-week moving average was 2,023,000, a decrease of 7,750 from the previous week's unrevised average of 2,030,750. This is the lowest level for this average since June 17, 2000, when it was 2,016,750.

Eye on the Week Ahead

The week focuses on inflationary indicators as the latest information on consumer prices, producer prices, and retail sales becomes available for March. Also, investors will be watching for first-quarter corporate earnings reports, which should begin coming out this week.

Data sources: News items are based on reports from multiple commonly available international news sources (i.e. wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. Market data: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful.

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. Market indices listed are unmanaged and are not available for direct investment.

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