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Market Week: March 13, 2017

The Markets (as of market close March 10, 2017)

Stocks rallied last Friday, fueled by a robust jobs report. However, the end-of-week surge wasn't enough to overcome index losses from earlier in the week. Falling energy prices dragged down both the large-cap Dow and S&P 500, while the Russell 2000 dropped over 2.0% and is barely in positive territory for the year. Long-term bond prices also plummeted with the yield on the 10-year Treasuries climbing 26 basis points for the week.

The price of crude oil (WTI) dropped again, closing at \$48.39 per barrel, down from the prior week's closing price of \$53.20 per barrel. The price of gold (COMEX) also fell, closing at \$1,204.50 by late Friday afternoon, down from the prior week's price of \$1,235.00. The national average retail regular gasoline price increased to \$2.341 per gallon on March 6, 2017, \$0.027 above the prior week's price and \$0.500 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 3/10	Weekly Change	YTD Change
DJIA	19762.60	21005.71	20902.98	-0.49%	5.77%
Nasdaq	5383.12	5870.75	5861.73	-0.15%	8.89%
S&P 500	2238.83	2383.12	2372.60	-0.44%	5.97%
Russell 2000	1357.13	1394.13	1365.26	-2.07%	0.60%
Global Dow	2528.21	2688.67	2671.06	-0.65%	5.65%
Fed. Funds target rate	0.50%-0.75%	0.50%-0.75%	0.50%-0.75%	0 bps	0 bps
10-year Treasuries	2.44%	2.31%	2.57%	26 bps	13 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

- A real market mover, the monthly employment report can influence not only investors, but short-term interest rates as well. February's report was very positive on a number of fronts. Job growth continued as 235,000 new jobs were added last month with job gains in construction, private educational services, manufacturing, health care, and mining. The unemployment rate dipped to 4.7% as both workforce participation and employment increased. The average workweek for all employees on private nonfarm payrolls was unchanged at 34.4 hours in February. But in a further sign of continued economic strengthening, payrolls increased by \$0.06 to \$26.09, following a \$0.05 increase in January. Over the year, average hourly earnings have risen by \$0.71, or 2.8%. This report should encourage investors as well as the Fed, which is likely to raise short-term interest rates.
- For February, the federal deficit was \$192 billion. January showed a monthly budget surplus of \$51 billion. The February deficit is essentially the same as the February 2016 deficit. Through the first five months of the fiscal year, the deficit sits at \$349 billion. The deficit over the same period last year was



Key Dates/Data Releases

3/14: Producer Price Index

3/15: Consumer Price Index, retail sales, FOMC announcement

3/16: Housing starts, JOLTS

3/17: Industrial production, consumer sentiment

\$351 billion.

- The trade deficit is growing, according to the Census Bureau's final report for January. The goods and services deficit was \$48.5 billion, up \$4.2 billion from \$44.3 billion in December. January exports were up \$1.1 billion to \$192.1 billion. January imports were \$240.6 billion, \$5.3 billion more than December imports. Year-over-year, the goods and services deficit increased \$5.1 billion, or 11.8%, from January 2016. Exports increased \$13.3 billion, or 7.4%. Imports increased \$18.4 billion, or 8.3%.
- Export prices actually outpaced import prices in February, according to the Bureau of Labor Statistics. Prices for U.S. exports advanced 0.3% in February and have not recorded a monthly decline since the index fell 0.8% in August. Export prices increased 3.1% over the past 12 months, the largest over-the-year rise since the index advanced 3.6% between December 2010 and December 2011. Import prices rose for the third consecutive month in February, increasing 0.2%, after a 0.6% advance in January and a 0.4% rise in December. The price index for imports also rose over the past year, increasing 4.6%. That rise was the largest 12-month advance in import prices since a 5.1% increase in February 2012.
- In the week ended March 4, the advance figure for seasonally adjusted initial unemployment insurance claims was 243,000, an increase of 20,000 from the previous week's revised level. The advance seasonally adjusted insured unemployment rate remained at 1.5%. The advance number for seasonally adjusted insured unemployment during the week ended February 25 was 2,058,000, a decrease of 6,000 from the previous week's revised level.

Eye on the Week Ahead

This week provides several important reports, including information on consumer prices, producer prices, and retail sales — each of which offers guidance on inflationary trends. The latest report on industrial production is also available at the end of the week. However, investors will be watching the results of this week's FOMC meeting, as indications are that the Committee will increase the federal funds target rate for the first time in 2017.

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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