



## Capital Asset Management

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# Market Week: April 3, 2017



## The Markets (as of market close March 31, 2017)

Stocks rebounded last week as each of the indexes listed here posted week-over-week gains. The small-cap Russell 2000, the strongest-performing index last year, hit a rough patch over the past several weeks. But the index gained over 2.30% last week, pushing it up 2.12% year-to-date. Tech-heavy Nasdaq climbed about 1.40% after falling 1.20% the prior week. The Dow recouped some of its losses from the previous week after gaining a little over 0.30%. Of the indexes listed here, Nasdaq leads the way, having gained almost 10.0% year-to-date and about 1.50% for the month.

The price of crude oil (WTI) rose last week, closing at \$50.85 per barrel, up from the prior week's closing price of \$48.14 per barrel. The price of gold (COMEX) continued to climb, closing at \$1,250.60 by late Friday afternoon, up from the prior week's price of \$1,246.40. The national average retail regular gasoline price decreased to \$2.315 per gallon on March 27, 2017, \$0.006 less than the prior week's price but \$0.249 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 3/31	Weekly Change	YTD Change
<b>DJIA</b>	19762.60	20596.72	20663.22	0.32%	4.56%
<b>Nasdaq</b>	5383.12	5828.74	5911.74	1.42%	9.82%
<b>S&amp;P 500</b>	2238.83	2343.98	2362.72	0.80%	5.53%
<b>Russell 2000</b>	1357.13	1354.64	1385.92	2.31%	2.12%
<b>Global Dow</b>	2528.21	2683.79	2691.45	0.29%	6.46%
<b>Fed. Funds target rate</b>	0.50%-0.75%	0.75%-1.00%	0.75%-1.00%	0 bps	25 bps
<b>10-year Treasuries</b>	2.44%	2.41%	2.38%	-3 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

- Growth in the gross domestic product slowed over the final three months of 2016. The third and final estimate of the fourth-quarter GDP revealed an annual growth rate of 2.1%. In the third quarter of 2016, the GDP increased at an annual rate of 3.5%. With the third estimate for the fourth quarter, the general picture of economic growth remains largely the same; consumer spending, as measured by personal consumption expenditures (PCE) increased 3.5%. The deceleration in the fourth-quarter GDP reflected downturns in exports, in federal government spending, and in nonresidential (business) fixed investment. For the year, the GDP increased 1.6% in 2016 compared to an increase of 2.6% in 2015. Gross domestic income gained 1.0% in the fourth quarter, compared with a 5.0% increase in the third quarter. Corporate profits from current production increased \$11.2 billion in the fourth quarter of 2016, compared with an increase of \$117.8 billion in the third quarter.
- Personal income rose in February, while consumer spending increased only marginally. According to the

#### Key Dates/Data Releases

4/3: ISM Manufacturing Index, PMI Manufacturing Index

4/4: International trade

4/5: ISM Non-Manufacturing Index

4/7: Employment situation

report from the Bureau of Economic Analysis for February, personal income (pre-tax) increased 0.4% and disposable personal income (after-tax) climbed 0.3%. Personal consumption expenditures increased only 0.1% for the month. However, year-over-year PCE have risen 2.1%, reaching the Fed's 2.0% inflation target for the first time in almost five years. Core expenditures, which exclude food and energy, increased 0.2% in February and have climbed 1.8% over the 12 months ended in February 2017.

- The international trade-in-goods deficit dropped 5.9% in February from January. The deficit was \$64.8 billion in February, down \$4.1 billion from \$68.8 billion in January. Exports of goods for February were \$126.8 billion, \$0.1 billion less than January exports. Imports of goods for February fell 2.1% to \$191.6 billion. The trade-in-goods deficit this February is almost identical to the deficit in February 2016.
- The Conference Board Consumer Confidence Index®, which had increased in February, improved sharply in March, reaching its highest level since December 2000. The index now stands at 125.6, up from 116.1 in February. Consumers saw improved economic conditions and growth in business, jobs, and personal income. According to the latest Surveys of Consumers from the University of Michigan, higher income, more job opportunities, and low inflation are the main reasons consumer sentiment remains optimistic. For March, the Index of Consumer Sentiment increased 0.6% to 96.9% and is up 6.5% over the last 12 months.
- In the week ended March 25, the advance figure for seasonally adjusted initial unemployment insurance claims was 258,000, a decrease of 3,000 from the previous week's unrevised level of 261,000. The advance seasonally adjusted insured unemployment rate ticked up 0.1 percentage point to 1.5%. The advance number for seasonally adjusted insured unemployment during the week ended March 18 was 2,052,000, an increase of 65,000 from the prior week's revised level. The four-week moving average was 2,030,750, a decrease of 1,250 from the prior week's revised average. This is the lowest level for this average since June 24, 2000, when it was 2,028,250.

#### Eye on the Week Ahead

Stocks have been more volatile over the past few weeks. However, a strong report on the employment situation released later this week could go a long way in easing investors' concerns about diving back into the market.

*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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