



## COMMENTARY

The Institute for Supply Management's (ISM's) manufacturing index was better-than-expected and improved to 54.7 in December 2016, its highest level since December 2014. For December 2016, the ISM non-manufacturing index, which covers the much larger service industries in the U.S. economy, remained at the same level as November 2016 at 57.2, when it was expected to decline from that mark. The reading over the last two months was the highest point for this index since October 2015. (Please note that readings above 50 represent expansion and those below 50 reflect contraction for the ISM indices.)

Widely followed job market data was released on Friday that covered December 2016. Non-farm payroll additions were at 156,000, which was below expectations, but the prior month was revised higher. The unemployment rate rose to 4.7% as expected.

Wage growth has been rather subdued following the credit crisis. However, there was a noteworthy increase in average hourly earnings in December 2016, which showed a year-over-year gain of 2.9%. The gain was the largest annual increase for average hourly earnings since 2009.

Finally, factory orders fell slightly more than expected on a monthly basis in November 2016, but excluding transportation, factory orders were marginally higher. The final November 2016 reading for durable goods orders also showed a monthly decline, but it too showed positive monthly growth excluding transportation. The final non-defense capital goods orders excluding aircraft and parts reading for November 2016 showed a positive monthly gain and was at the same level as the preliminary reading.

Next week there are a few economic announcements that are noteworthy. Some price level data will be released that covers December 2016 including the import price index and the producer price index. Wholesale and business inventories for November 2016 will also be announced. Providing some insight on consumers, retail sales data for December 2016 will be announced, as will the preliminary University of Michigan consumer sentiment index for January 2017.

*Data Source: Bloomberg.*

MARKET ACTIVITY UPDATE	12/28/2016-01/04/2017	YTD AS OF 01/04/2017
S&P 500 Total Return:	+0.96%	+1.45%
Russell 1000 Value Total Return:	+1.22%	+1.48%
U.S. 10 Year Treasury Yield:	-7 bps (1/04/17 close 2.44%)	- 1 bp
Crude Oil WTI:	-1.48% (1/04/17 close \$53.26 per barrel)	-0.86%

*Data Source: Bloomberg. (Some numbers are rounded.)*



*This commentary is not intended as investment advice or an investment recommendation. It is solely the opinion of our investment management team at the time of writing. Nothing in the commentary should be construed as a solicitation to buy or sell securities. Past performance is no indication of future performance. The author has taken reasonable care to ensure that the information is accurate. Some data is subject to revision. Global Financial Private Capital is an SEC Registered Investment Adviser. Registration does not imply a certain level of skill or training.*

*S&P 500 Index Total Return: The Standard and Poor's 500 index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Total return includes interest, capital gains, dividends and distributions realized over a given period of time.*

*Russell 1000 Value Index Total Return: The Russell 1000 Value index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Total return includes interest, capital gains, dividends and distributions realized over a given period of time.*

*U.S. 10 Year Treasury Yield: The on-the-run aggregate yield of 10 year U.S. Treasury bonds.*

*Crude Oil WTI: Crude Oil WTI refers to the front month futures for West Texas Intermediate crude oil. WTI crude oil is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.*

*You cannot invest directly in an index.*

*Consult your financial professional before making any investment decision.*