



THE WEEK IN REVIEW

A more positive tone for risk assets emerged this week compared to the first two weeks of April. Some concerns surrounding geopolitical risk and U.S. military actions which permeated headlines last week seemed to abate. U.S. stocks recovered most of their losses from last week, as the Dow Jones Industrial Average and S&P 500 Index advanced 0.5% and 0.9%, respectively. Industry groups more closely tied to the ebbs and flows of the U.S. economic cycle were among the best performing areas of the S&P 500 Index on the week. Those industries include railroad operators, auto component manufacturers and consumer finance companies.

Yields on the benchmark 10 year U.S. Treasury bill closed the week at 2.23% - in line with closing levels last week. Meanwhile, gold prices consolidated near the \$1,285 per oz. level following a 2.7% advance last week. Crude oil prices slid more than 5% to close the week under \$50 per barrel following several reports pointing to continued increase in U.S. production. In foreign exchange markets, the U.S. the Bloomberg Dollar Spot Index finished the week down 0.2%, extending its year-to-date decline to 3.8%. Over the three year period ending December 31, 2016, this index advanced 24.3%.

This week was relatively light on economic data with the exception of the housing market. Housing starts fell sharply in the month of March to an annualized rate of 1.22 million units, reflecting a 6.8% decline from the previous month. Declines were evenly spread across both single-family homes, as well as multi-family units, which came in at annualized rates of 821,000 and 394,000, respectively. As a modest offset, the report posted strong growth in permits, up 3.6% in the month to a rate of 1.26 million. The growth was driven entirely by multi-family permits. Existing home sales continue to accelerate, increasing 4.4% in March to an annualized rate of 5.71 million units. Supply trends in the resale market remain unchanged, as an uptick in supply was offset by rising sales figures.

Earnings season continued this week, with companies reporting solid revenue and earnings growth. Dow member Visa, Inc. reported after the bell on Thursday, beating estimates for both revenues and earnings. Visa's performance delivered sustained growth in payments volume, cross-border volume, and processed transactions. The company also authorized an additional \$5 billion in share repurchases. Fellow Dow component General Electric, Co. reported earnings that beat estimates on both the top and bottom line. Revenue was propelled by strong organic growth; however, shares traded lower on Friday as surprisingly weaker cash flow was the focus of management's conference call. Analysts are hopeful that GE's strong organic growth is an indicator that the U.S. manufacturing sector is continuing to improve.

ECONOMIC INDICATOR	LATEST	3MO PRIOR	CHANGE
Housing Starts (Millions)	1.22	1.28	▼
Existing Home Sales (Millions)	5.7	5.5	▲
Industrial Production	0.6	0.8	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	20547.76	0.46%	3.97%	14.27%
NASDAQ	5910.52	1.82%	9.80%	19.50%
S&P 500 LargeCap	2348.69	0.85%	4.91%	12.30%
MSCI EAFE	1783.67	0.34%	5.92%	3.91%
Barclays Aggregate US	2010.17	-0.04%	1.71%	1.29%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	0.77%	0.76%	0.23%
10-Year Treasury	2.24%	2.42%	1.86%

REPORTS DUE NEXT WEEK	LATEST
New Home Sales	592,000
Conf. Board Consumer Confidence	125.6
Durable Goods Orders	1.8%
Real GDP (QoQ Annualized)	2.1%

Price returns as of the last available closing data. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

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