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**NOTE:** We welcome your feedback and questions. Feel free to send us an email at [CIOForum@merceradvisors.com](mailto:CIOForum@merceradvisors.com).

**The Markets** (as of market close April 14, 2017)

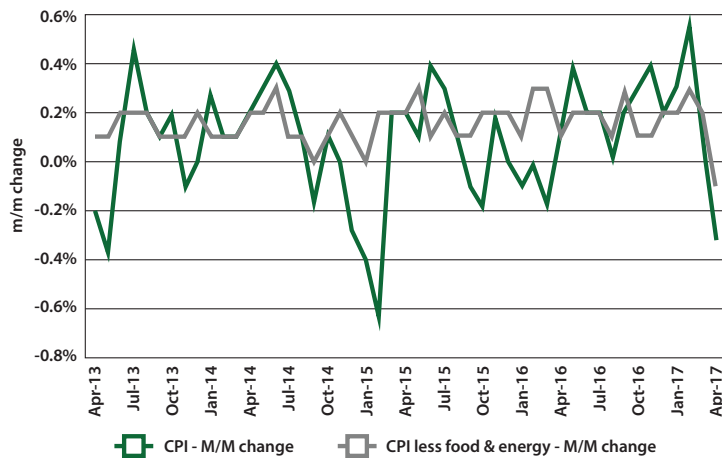
With many global markets closed for Good Friday, stocks ended the short trading week lower. Trading volumes were low for much of the week, as investors may have been concerned with rising tensions overseas in Syria and North Korea, and the continuation of strained diplomatic relations with Russia.

**Last Week's Headlines**

Inflation, which had been trending upward, took a somewhat unexpected course reversal in March as the Consumer Price Index fell 0.3% from the prior month. Over the last 12 months, the CPI rose 2.4% compared to a 2.7% gain for the 12 months ended in February. The March decline was the first monthly decrease since February 2016. A decline in gasoline prices was the largest factor contributing to the drop in prices. But even excluding food and energy (core prices), the CPI fell 0.1% for the

**Consumer Price Index**

As released, with no revisions



Source: Bloomberg.

month and is up 2.0% over last 12 months compared to a gain of 2.2% for the 12 months ended in February. Core prices haven't fallen since January 2010.

The Producer Price Index fell 0.1% in March following increases of 0.3% in February and 0.6% in January. The index rose 2.3% for the 12 months ended March 2017, the largest increase since moving up 2.4% for the 12 months ended March 2012. For the 10<sup>th</sup> straight month, prices less foods, energy, and trade services edged up 0.1%, and have climbed 1.7% for the 12 months ended in March 2017.

Retail sales decreased 0.2% in March, falling for the second straight month. February's sales were revised to a 0.3% decrease, which represents the largest two-month fall in retail sales since January and February of 2015.

Job openings increased in February while the number of new hires dropped – an indication that employers may be having a hard time filling positions. According to the latest Job Openings and Labor Turnover Summary (JOLTS), there were 5.743 million job openings in February compared to 5.625 million job openings in January. The number of hires fell, moving from 5.424 million hires in January to 5.341 million hires in February. Total separations (quits, layoffs, and discharges) also dropped in February, which saw 5.071 million separations compared to 5.247 million the prior month. Job openings increased in health care and social assistance, accommodation and food services, and finance and insurance. Hires increased in retail trade and mining and logging, but decreased in federal government. Over the 12 months ended in February, hires totaled 63.0 million and separations totaled 60.6 million, yielding a net employment gain of 2.4 million.

Driven by lower fuel prices, U.S. import prices declined 0.2% in March, according to the Bureau of Labor Statistics. Over the past 12 months ended in March, import prices have advanced 4.2%. The price index for import fuel declined 3.8% in March,

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**MARKETSUMMARY**

	4/14/17	1 Week	QTD	YTD	1 Year		4/14/17	12/30/16	4/14/16
<b>S&amp;P 500</b>	2329	-1.11 ▼	-1.35	4.64 ▲	14.21 ▲	<b>\$ per €</b>	1.06	1.05	1.13
<b>Dow Jones</b>	20453	-0.98 ▼	-0.96	4.18 ▲	17.06 ▲	<b>\$ per £</b>	1.25	1.24	1.41
<b>Russell 2000</b>	3343	-1.40 ▼	-2.90	-0.51 ▼	20.93 ▲	<b>¥ per \$</b>	109.24	116.64	109.18
<b>MSCI EAFE</b>	1778	-0.07 ▼	-0.72	6.62 ▲	9.13 ▲	<b>Oil (WTI)</b>	53.18	53.75	41.45
<b>NASDAQ</b>	5805	-1.23 ▼	-1.77	8.17 ▲	18.80 ▲	<b>Gasoline</b>	2.42	2.31	2.11
<b>10-Year U.S. Treasuries</b>	2.24	2.38 ▲	2.40	2.45 ▲	1.80 ▲	<b>Gold</b>	1284	1146	1234

Source: J.P. Morgan Asset Management

the largest one-month drop since the index fell 6.8% in February 2016. In contrast to fuel prices, nonfuel import prices increased in March, rising 0.2% following a 0.4% increase in February. The price index for nonfuel imports advanced 1.0% over the past 12 months, the largest 12-month advance since the index increased 1.3% in April 2012. Export prices increased 0.2% for the month, after advancing 0.3% in February. U.S. export prices also increased over the past year, rising 3.6% for the year ended in March. This matched the 12-month advance recorded in December 2011 and was the largest 12-month increase since the index rose 4.8% in November 2011.

The government deficit fell in March to \$176.2 billion, down from February's \$192.0 billion. Year-to-date, the deficit sits at \$526.9 billion, which is \$67.5 billion more than the deficit over the same period last year.

In the week ended April 8, the advance figure for seasonally adjusted initial claims for unemployment was 234,000, a decrease of 1,000 from the previous week's revised level. The previous week's level was revised up by 1,000 to 235,000. The advance seasonally adjusted insured unemployment rate remained at 1.5%. The advance number for seasonally adjusted insured unemployment during the week ended April 1 was 2,028,000, a decrease of 7,000 from the previous week's revised level.

### Eye on the Week Ahead

The housing sector has been volatile, with existing home sales lagging while sales of new homes have surged.

### Key Dates/Data Releases

4/18: Housing Starts, Industrial Production

4/21: Existing Home Sales

Sources: Broadridge/Forefield, Bloomberg.