



1300 NW Briarcliff Pkwy, Ste. 120  
Kansas City, MO 64150  
913.948.6770  
816.399.0787

## Stocks Post Worst Week Since February

Weekly Update – April 11, 2016

Stocks tumbled last week on downward revisions to U.S. economic growth and worries about global growth.<sup>i</sup> For the week, the S&P 500 fell 1.21%, the Dow lost 1.21%, and the NASDAQ gave up 1.30%.<sup>ii</sup>

After a rosier-than-expected fourth quarter, economic forecasts suggest that the economy barely grew in the first three months of 2016. A report showing that wholesale inventories declined in February caused estimates of Q1 real economic growth to plummet from 0.7% to just 0.1%. In mid-March, the estimate was as high as 2.3%, but forecasts are dropping fast.<sup>iii</sup>

A couple of things to keep in mind: 1) these are very early estimates that are missing a lot of data; 2) early forecasts are very sensitive to updates to the data. Other economists think that the seasonal bias against first-quarter results could be pushing down estimates and that underlying economic growth could be closer to 2.0%. We'll know more when the first estimate of Q1 Gross Domestic Product (GDP) growth comes out on April 25.<sup>iv</sup>

Last week, attention turned to the upcoming Fed meeting at the end of April. Minutes from the March meeting show that opinions among voting members of the Open Market Committee are running against an April rate hike.<sup>v</sup> Other economists seem to agree; currently, just 1.0% think the Fed will raise rates in April. 75.0% think a June hike is likely.<sup>vi</sup>

In a public session with three other former Federal Reserve chairs last week, current Chair Janet Yellen reiterated her upbeat stance on the economy and stated that the Fed is on a "reasonable path" to future rate hikes. Her predecessor, former chair Ben Bernanke, supported her position by saying he doesn't believe that recession risk is much higher in 2016 than in other years, which could pave the way for more hikes later this year.<sup>vii</sup> Given that the Fed has little room to lower rates again if economic growth slows, and plenty of room to raise rates if growth surprises, Yellen seems determined to be cautious.

The next few weeks are packed with earnings results, which will likely mean more market volatility. We know that the growth picture is weak and that the earnings outlook is negative.<sup>viii</sup> However, we also know that managers like to sandbag expectations so that they can post better-than-expected results. Will we see positive surprises next week? We'll let you know.

## ECONOMIC CALENDAR:

**Tuesday:** Import and Export Prices, Treasury Budget

**Wednesday:** Retail Sales, PPI-FD, Business Inventories, EIA Petroleum Status Report, Beige Book

**Thursday:** Consumer Price Index, Jobless Claims

**Friday:** Empire State Mfg. Survey, Industrial Production, Consumer Sentiment, Treasury International Capital

Data as of 4/8/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	-1.21%	0.18%	-1.65%	10.83%	5.81%
DOW	-1.21%	0.87%	-1.82%	8.40%	5.81%
NASDAQ	-1.30%	-3.13%	-2.02%	14.89%	10.74%
U.S. Corporate Bond Index	0.57%	4.52%	1.35%	5.91%	7.54%
International	0.57%	-5.30%	-14.18%	-1.36%	-1.32%
Data as 4/8/2016	1 yr.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.20%	0.34%	0.54%	1.16%	1.72%

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance, S&P Dow Jones Indices, and Treasury.gov. International performance is represented by the MSCI EAFE Index. Corporate bond performance is represented by the SPUSCIG. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

## HEADLINES:

**Factory orders fall in February.** Orders for manufactured goods fell in February for the third time in four months, showing that the manufacturing sector is still struggling.<sup>ix</sup>

**Trade deficit widens more than expected.** The difference between imports and exports increased in February as an increase in exports was offset by growth in imports. However, a weakened dollar could mean that the increase in exports is sustainable.<sup>x</sup>

**Jobless claims fall more than expected.** Weekly claims for new unemployment benefits dropped by 9,000, indicating that the labor market continues to gain strength despite modest economic growth.<sup>xi</sup>

**Tesla receives over 325,000 deposits for \$35,000 electric car.** The Tesla Model 3 launch blew away expectations as fans placed \$1,000 deposits for the automaker's mass-market electric car. The success leads analysts to wonder: Can Tesla successfully make the transition from niche manufacturer to major automaker?<sup>xii</sup>

## QUOTE OF THE WEEK



*"Never apologize for being great at something or wanting to be great at it." – Kia Nurse*

## **Share the Wealth of Knowledge!**

*Please share this market update with family, friends, or colleagues. If you would like us to add them to our list, simply click on the "Forward email" link below. We love being introduced!*

If you would like to opt-out of future emails, please reply to this email with UNSUBSCRIBE in the subject line.

Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered by Cramer Capital Management. 1300 NW Briarcliff Pkwy, Ste. 120, Kansas City, MO 64150, 913.948.6770

Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Diversification does not guarantee profit nor is it guaranteed to protect assets.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia.

The Dow Jones Corporate Bond Index is a 96-bond index designed to represent the market performance, on a total-return basis, of investment-grade bonds issued by leading U.S. companies. Bonds are equally weighted by maturity cell, industry sector, and the overall index.

The S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

These are the views of Platinum Advisor Marketing Strategies, LLC, and not necessarily those of the named representative, Broker dealer or Investment Advisor, and should not be construed as investment advice. Neither the named representative nor the named Broker dealer or Investment Advisor gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your financial advisor for further information.

By clicking on these links, you will leave our server, as they are located on another server. We have not independently verified the information available through this link. The link is provided to you as a matter of interest. Please click on the links below to leave and proceed to the selected site.

---

<sup>i</sup> <http://www.cnbc.com/2016/03/31/us-markets.html>

<sup>ii</sup> <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=03&b=4&c=2016&d=03&e=8&f=2016&g=d>

<http://finance.yahoo.com/q/hp?a=03&b=4&c=2016&d=03&e=8&f=2016&g=d&s=%5EDJI%2C+&q=1>

---

<http://finance.yahoo.com/q/hp?a=03&b=4&c=2016&d=03&e=8&f=2016&g=d&s=%5EIXIC%2C+&q|=1>

<sup>iii</sup> <http://blogs.barrons.com/incomeinvesting/2016/04/08/the-incredible-shrinking-gdpnow-forecast-could-it-be-right/>

<https://www.frbatlanta.org/-/media/Documents/cqer/researchcq/gdpnow/GDPTrackingModelDataAndForecasts.xlsx?la=en>

<sup>iv</sup> <http://blogs.barrons.com/incomeinvesting/2016/04/08/the-incredible-shrinking-gdpnow-forecast-could-it-be-right/>

<sup>v</sup> [https://www.morningstar.com/news/market-watch/TDJNMW\\_20160406471/update-sentiment-on-fed-runs-against-april-rate-hike-minutes-show.html](https://www.morningstar.com/news/market-watch/TDJNMW_20160406471/update-sentiment-on-fed-runs-against-april-rate-hike-minutes-show.html)

<sup>vi</sup> <http://on.wsj.com/1RRA6GY>

<sup>vii</sup> <http://blogs.marketwatch.com/capitolreport/2016/04/07/live-blog-and-video-of-yellen-with-past-fed-chiefs-bernanke-greenspan-and-volcker/>

<sup>viii</sup> <http://www.zacks.com/commentary/77323/what-will-q1-earnings-season-bring>

<sup>ix</sup> <http://www.foxnews.com/us/2016/04/04/us-factory-orders-contracted-in-february.html>

<sup>x</sup> <http://www.foxbusiness.com/markets/2016/04/05/february-trade-deficit-widened-to-47-6b.html>

<sup>xi</sup> <http://www.foxbusiness.com/markets/2016/04/07/weekly-jobless-claims-fall-by-9000.html>

<sup>xii</sup> <http://www.cnn.com/2016/04/07/tesla-motors-reports-325k-deposits-for-model-3.html>