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Market Week: May 1, 2017

The Markets (as of market close April 28, 2017)

Tech-heavy Nasdaq reached 6000 for the first time in its history last Tuesday. The small-cap Russell 2000, which surged for much of 2016 but fell back earlier this year, rebounded over the past few weeks, attaining a record high of 1419.43 by midweek. Better-than-expected quarterly corporate earnings reports, a sign of sustained strength for many large companies, have pushed stocks higher. Each of the benchmark indexes listed here posted notable gains last week, led by the Global Dow, which rose over 2.50%, followed by Nasdaq's 2.32% climb. Long-term bond yields increased on news of proposed tax cuts.

The price of crude oil (WTI) fell for the second straight week, closing at \$49.19 per barrel, down from the prior week's closing price of \$49.62 per barrel. The price of gold (COMEX) also dropped, closing at \$1,269.50 by late Friday afternoon, down from the prior week's price of \$1,286.40. The national average retail regular gasoline price increased for the fourth week in a row to \$2.449 per gallon on April 24, 2017, \$0.013 higher than the prior week's price and \$0.287 more than a year ago.

Market/Index	2016 Close	Prior Week	As of 4/28	Weekly Change	YTD Change
DJIA	19762.60	20547.76	20940.51	1.91%	5.96%
Nasdaq	5383.12	5910.52	6047.61	2.32%	12.34%
S&P 500	2238.83	2348.69	2384.20	1.51%	6.49%
Russell 2000	1357.13	1379.85	1400.43	1.49%	3.19%
Global Dow	2528.21	2661.88	2731.15	2.60%	8.03%
Fed. Funds target rate	0.50%-0.75%	0.75%-1.00%	0.75%-1.00%	0 bps	25 bps
10-year Treasuries	2.44%	2.24%	2.28%	4 bps	-16 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

- The initial estimate for the first-quarter gross domestic product showed economic growth slowed compared to the fourth quarter. The GDP increased at an annual rate of 0.7% in the first quarter. In the fourth quarter of 2016, the GDP increased at an annual rate of 2.1%. While the first estimate is based on source data that is incomplete or subject to further revision, this quarter's growth rate is the slowest in three years. Weakened consumer spending cut into economic growth in the first quarter. Consumer spending increased a mere 0.3%, which is the worst showing since the end of 2009. Consumers spent less on high-cost items such as cars, and home heating during a mild winter. Conversely, residential investment grew at a 13.7% pace and nonresidential (business) investment, which has been sluggish, climbed 9.4%. Rising inflation may be cutting into consumers' paychecks, prompting them to hold off on buying nonessential big-ticket items.
- New home sales continued to surge in March, according to the latest figures from the Census Bureau.



Key Dates/Data Releases

5/1: Personal income and outlays

5/3: ISM Non-Manufacturing Index

5/4: International trade

5/5: Employment situation

Sales of new single-family homes in March were 5.8% higher than the revised February sales figures. The sales rate is 15.6% above the March 2016 estimate. The median sales price of new houses sold in March 2017 was \$315,100. The average sales price was \$388,200. The seasonally-adjusted estimate of new houses for sale at the end of March was 268,000. This represents a supply of 5.2 months at the current sales rate.

- New orders for manufactured durable goods in March increased \$1.6 billion, or 0.7%, to \$238.7 billion, according to the Census Bureau. This increase, up three consecutive months, followed a 2.3% February increase. Excluding transportation, new orders decreased 0.2% — the first decline in six months. Excluding defense, new orders increased 0.1%. Transportation equipment, also up three consecutive months, drove the increase, climbing \$2.0 billion, or 2.4%, to \$83.3 billion. On the other hand, orders for automobiles and machinery slowed. Shipments of manufactured durable goods in March, up four of the last five months, increased \$0.6 billion, or 0.2%, to \$239.8 billion. Unfilled orders for manufactured durable goods in March, up two consecutive months, increased \$2.5 billion, or 0.2%, to \$1,119.0 billion. Inventories of manufactured durable goods in March, up four of the last five months, increased \$0.5 billion, or 0.1%, to \$385.7 billion.
- The international trade deficit was \$64.8 billion, an increase of \$0.9 billion in March from the prior month. Exports of goods were \$125.5 billion, \$2.2 billion less than February exports. Imports were \$190.3 billion, \$1.4 billion less than the previous month.
- Consumer confidence in the economy took a step back in April following an increase in March. The Conference Board Consumer Confidence Index® registered 120.3 in April, down from 124.9 in March. The Present Situation Index decreased from 143.9 to 140.6 and the Expectations Index declined from 112.3 last month to 106.7. The Index of Consumer Sentiment from the University of Michigan inched up in April to 98.0 from 96.9 in March. Consumers were bullish about current economic conditions and expectations for further economic growth.
- In the week ended April 22, the advance figure for seasonally adjusted initial claims was 257,000, an increase of 14,000 from the previous week's revised level of 243,000. The advance seasonally adjusted insured unemployment rate remained at 1.4% for the second consecutive week. The advance number for seasonally adjusted insured unemployment during the week ended April 15 was 1,988,000, an increase of 10,000 from the prior week's revised level of 1,978,000.

Eye on the Week Ahead

The all-important employment figures for April are out at the end of the week. March saw new hires for the month drop to under 100,000 for the first time in a long time. However, the unemployment rate fell to 4.5% while average hourly earnings continue to rise — all of which points to an expanding economy.

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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