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Market Week: April 25, 2016

The Markets (as of market close April 22, 2016)

Equities markets had a fair week as each of the major indexes listed here posted gains (except the Nasdaq) over the prior week. Both the large-cap Dow and S&P 500 are well ahead of their respective 2015 closing values. The Russell 2000 recorded the largest weekly gain and is now ahead of last year's closing value. The Global Dow posted weekly gains despite the European Central Bank's decision to maintain interest rates at their current level and the effects of the devastating earthquake in Japan. Of the major indexes listed here, only the Nasdaq remains below its end-of-year mark. As money moved into equities, the prices of investments such as gold and long-term bonds slipped. Oil prices gained, despite the collapse of talks between some major oil-producing nations aimed at capping production.

The price of crude oil (WTI) closed the week at \$43.75 a barrel, up \$3.35 over the prior week's closing price. The price of gold (COMEX) fell by last week's end, selling at \$1,233.70 by late Friday afternoon, down from the prior week's closing price of \$1,235.80. The national average retail regular gasoline price increased to \$2.137 per gallon on April 18, 2016, \$0.068 above the prior week's price but \$0.348 below a year ago.

Market/Index	2015 Close	Prior Week	As of 4/22	Weekly Change	YTD Change
DJIA	17425.03	17897.46	18003.75	0.59%	3.32%
Nasdaq	5007.41	4938.22	4906.23	-0.65%	-2.02%
S&P 500	2043.94	2080.73	2091.58	0.52%	2.33%
Russell 2000	1135.89	1130.92	1146.69	1.39%	0.95%
Global Dow	2336.45	2367.41	2395.80	1.20%	2.54%
Fed. Funds rate target	0.25%-0.50%	0.25%-0.50%	0.25%-0.50%	0 bps	0 bps
10-year Treasuries	2.26%	1.75%	1.88%	13 bps	-38 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 National Association of Home Builders Housing Market Index (HMI) came in at 58 for April, unchanged for the third consecutive month. The HMI is based on a monthly survey of NAHB members who are asked to rate the market conditions for single-family home sales currently and in the next six months, as well as traffic of prospective buyers of new homes. Compared to last April, the HMI is up 2 points. In particular, the index for present sales fell 2 points, coming in at 63, while builders expressed optimism for sales over the next six months, as that index increased 1 point to 62. Prospective buyer traffic continues to be lagging as that index has remained around 44 for three out of the last four months, possibly reflecting the reluctance of first-time homebuyers to enter the market--instead preferring to rent.
- New home construction slowed during the end of the first quarter as housing starts fell 8.8% from a



Key Dates/Data Releases

4/25: New home sales

4/26: Durable goods orders, Case-Shiller Home Price Index, consumer confidence

4/27: International trade in goods, pending home sales, FOMC meeting announcement

4/28: GDP

4/29: Personal income and outlays, Employment Cost Index, consumer sentiment

month earlier, according to the latest report from the Census Bureau. Single-family home starts dropped 9.2% and multifamily starts fell 8.5%. An indication of future construction, applications for building permits also lost ground, coming down 7.7% from February. On the plus side, housing completions jumped 3.5% for March and are up 31.6% year-over-year. Compared to last March, housing starts are up 14.2% while permits are up 4.6%.

- While new home construction may be lagging, sales of existing homes gained ground in March jumping 5.1% from February, according to the National Association of Realtors®. The median existing home price for all housing types in March was \$222,700, up 5.7% from March 2015 (\$210,700). March's price increase marks the 49th consecutive month of year-over-year gains. Total housing inventory available for sale at the end of March increased 5.9% to 1.98 million, but is still 1.5% lower than a year ago (2.01 million). Unsold inventory is at a 4.5-month supply at the current sales pace, up from 4.4 months in February. Properties typically stayed on the market for 47 days in March, a decrease from 59 days in February, while 42% of homes sold were on the market for less than a month--the highest percentage since July 2015 (43%).
- Marking the weakest upturn in overall business conditions since September 2009, the Markit Flash U.S. Manufacturing PMI™ for April fell to 50.8 from 51.5 in March. The flash PMI index, which is based on approximately 85% of usual monthly survey replies, was only marginally above the crucial 50.0 no-change threshold. According to the report, softer rates of manufacturing output and new business growth, alongside a weaker rise in staffing numbers, were the main factors weighing on the headline PMI figure during April.
- For the week ended April 16, there were 247,000 claims for unemployment insurance, a decrease of 6,000 from the previous week's revised level. This is the lowest level for initial claims since November 24, 1973 when it was 233,000. The advance seasonally adjusted insured unemployment rate remained at 1.6%. The advance number for continuing unemployment insurance claims for the week ended April 9 was 2,137,000, a decrease of 39,000 from the prior week's revised level.

Eye on the Week Ahead

The big news this week comes from the Federal Reserve, which is meeting for the third time this year. Since raising interest rates in December, the Fed has been cautious about increasing them again. While some experts believe the Fed will raise rates again in 2016, it may not be in April. The Committee does not meet again until June.

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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