

6 April 2017 - Investors are in-waiting for delivery of the favorable business environment promised by Congress and the White House. Earlier this year some of the doubt was eased and cash returned to the equity markets. Now progress needs to continue to surface so that investors will believe their earlier optimism was well placed. Yesterday's 200+ move (up/down) just to end up where it started was clearly continued optimism tarnished by disappointment from the Speaker of the House, followed by the Federal

Market Summary				
Security Name	Ticker	Current	% CHG Day	% CHG YTD
U.S.				
iShares DJ US ETF	IYY	117.63	(0.36)	4.98
iShares Core S&P 500 ETF	IVV	236.28	(0.30)	5.02
iShares Core S&P Mid-Cap ETF	IJH	168.77	(0.74)	2.07
iShares Core S&P Small-Cap ETF	IJR	67.20	(1.09)	(2.27)
U.S. Sectors				
SPDR Consumer Discretionary	XLY	87.25	(0.24)	7.19
SPDR Cons Staples Sclt	XLP	54.55	(0.18)	5.49
SPDR Energy Sel Sctr	XLE	70.07	(0.31)	(6.97)
SPDR Financial Select	XLF	23.47	(0.76)	0.95
SPDR Health Care Select Sector	XLV	74.15	(0.31)	7.56
SPDR Industrials Sclt	XLI	64.88	(0.32)	4.28
SPDR Materials Select	XLB	52.36	(0.08)	5.35
Real Estate Select Sector SPDR	XLRE	31.60	0.16	2.76
SPDR Select Technology	XLK	53.08	(0.41)	9.76
iShares DJ US Telecom ETF	IYZ	32.99	(0.30)	(4.38)
SPDR Utilities Select	XLU	51.75	0.56	6.55
U.S. Bonds				
iShares Barclays 1-3 yr Tr Bnd	SHY	84.51	-	0.07
iShares S&P Natl AMT-Fr Mun	MUB	108.97	0.09	0.73
iShares iBoxx \$ Inves Grd Corp	LQD	117.96	0.13	0.67
iShares iBoxx \$ HY B ETF	HYG	87.32	(0.08)	0.89
iShares Barclays MBS Bond ETF	MBB	106.71	0.14	0.35
International Stocks				
iShares MSCI EAFE ETF	EFA	61.85	(0.53)	7.14
iShares MSCI United Kingdom	EWU	32.30	(0.31)	5.25
iShares MSCI EMU ETF	EZU	37.28	(0.77)	7.75
iShares MSCI Japan ETF	EWJ	51.22	(0.70)	4.83
iShares MSCI Pacific Ex Jap	EPP	44.63	0.07	12.79
iShares China Large Cap ETF	FXI	38.90	0.21	12.07
iShares MSCI Emerg Mkts ETF	EEM	39.51	(0.30)	12.85
International Bonds				
iShares Core US Aggrgt Bd ETF	AGG	108.69	0.00	0.58
iShares Int'l Treasury Bnd ETF	IGOV	91.83	0.00	2.24
SPDR Barclays Interntl Corp Bd	IBND	31.28	(0.00)	1.30

Reserve adjusting their balance sheet (same as a rate increase), followed by geo-political problems in North Korea and Syria. Investors should take a position of confidence from the reaction yesterday. If this were ten years ago, the market would not have moved upward on moderately good news about employment and manufacturing. And, it would have moved deeply down on news of North Korea and Syria. We believe the market believes the future looks promising; it just needs reassurance.

Sectors – Every sector gave up ground except for Utilities and Real Estate. Technology has pulled back under 10% to 9.76% while Utilities advanced to 6.55% for the year. Energy has reduced the annual loss position to (6.97)% which is favorable given the movement of raw material costs. So, there are some bright spots in this waiting period as the market moves sideways.

Financials have stalled completely at less than 1% gain for the year. We felt lonely last year when we expressed cautioned on financials, especially banks, while most were rushing into the industry. We still believe banks will find the future financial market challenging.

Bonds – all remain below 1% gain for the year and the flip-flop between high-yield corporates and the rest of the bond market continues. Yesterday high-yield was the looser while MBS and investment grade corporates advanced.

Global – markets excitement continues in the Pacific and China as both advanced. Now there are three markets above 12% for the year: China, Pacific, and Emerging markets. All the global markets have been posting gains for the year with only Japan posting a number under the American markets.

Top 10 – it was no surprise to see Panera Bread [PNRA] keep the #1 spot on the list with JEB offering \$315/share for the company. This is a 36.1% premium over fair value for the company. Interesting why

Snap Shot Day

Overall Top 10 for Previous Day					
RANK	Ticker	Name	% Day	Sector	Mkt-Cap
1	PNRA	Panera Bread Co	0.142117	Consumer Discretionary	S&P400
2	GBX	Greenbrier Companies	0.100116	Industrials	S&P600
3	DHX	DHI Group, Inc.	0.08642	Information Technology	S&P600
4	KWR	Quaker Chemical Corp.	0.076379	Materials	S&P600
5	AVD	American Vanguard Corp	0.063291	Materials	S&P600
6	GNCMA	General Communication	0.050614	Telecommunication Services	S&P600
7	CYH	Community Health Systems	0.042824	Health Care	S&P600
8	LOCO	El Pollo Loco Holdings, Inc.	0.038793	Consumer Discretionary	S&P600
9	GIII	G-III Apparel Group Ltd.	0.03853	Consumer Discretionary	S&P600
10	PES	Pioneer Energy Services Corp.	0.038462	Energy	S&P600

Overall Bottom 10 for Previous Day					
RANK	Ticker	Name	% Day	Sector	Mkt-Cap
1	TDW	Tidewater Inc.	-0.13861	Energy	S&P600
2	CGI	Celadon Group Inc.	-0.13323	Industrials	S&P600
3	ADPT	Adeptus Health Inc. Class A	-0.10526	Health Care	S&P600
4	BBG	Bill Barrett Corporation	-0.08753	Energy	S&P600
5	IPHS	Innophos Holdings, Inc.	-0.08464	Materials	S&P600
6	HLIT	Harmonic, Inc.	-0.07692	Information Technology	S&P600
7	CRR	Carbo Ceramics Inc.	-0.0716	Energy	S&P600
8	HOS	Hornbeck Offshore Services Inc	-0.06468	Energy	S&P600
9	NKTR	Nektar Therapeutics	-0.05725	Health Care	S&P600
10	DEPO	DepoMed Inc	-0.05696	Health Care	S&P600

someone would offer such a high premium; the current shareholders are certainly a winner in this transaction.

Bottom 10 – Health Care continues to populate the Bottom list with three of the ten slots. However, the #1 spot was taken by Tidewater [TDW] an Energy stock. It had sector companions at #4, #7 and #8 taking the most positions of any sector.

Economic – data looked very good with higher employment in the private sector with the ADP report. The government report on all sectors, private and public, is due out Friday. If the employment picture continues to improve it will be a nice confidence builder on the economic front. Non-manufacturing ISM remained strongly positive at 55.2. It was a drop from the previous month at 57.6.