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# **The Concord Advisory Group, Ltd.**

## *April 2017 Market Highlights* *“Double Seasonality”*

The Concord Advisory Group, Ltd.

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# Concord Advisory Group: April 2017 Market Highlights

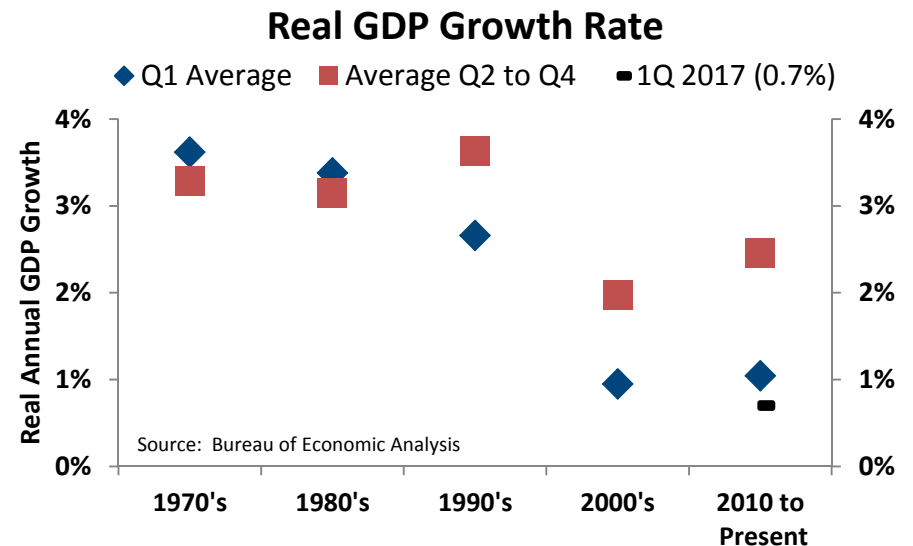
## Commentary: “Double Seasonality”



Over the past several years, a trend has developed. Economic growth, as represented by changes in Gross Domestic Product (GDP), shows signs of improvement in the third and fourth quarters, and then disappoints in the first quarter. Following the 2016 election, optimism in the U.S. economy improved and fears of deflation turned to hope for reflation and a return to higher growth rates. Then, as has been the trend, first quarter economic data disappointed, with reported first quarter GDP at only 0.7%, the slowest growth rate in three years.

The Bureau of Economic Analysis (BEA) is responsible for calculating U.S. GDP. The BEA takes the raw economic data and adjusts it for seasonality, because economic activity varies throughout the year. If the BEA adjusts the data correctly, there should not be a discernable difference in the seasonally-adjusted quarterly data. However, as the chart shows, the first quarter GDP releases have been lower than the other three quarters on a consistent basis since the 1990's. Economists, including Liesman and Wolfers in 2015, have previously documented this “double seasonality”.

Today, equity markets are near record high levels, indicating that investors have discounted the disappointing first quarter economic data and are appropriately focusing on the improvement in corporate earnings. We agree that the economy is probably stronger than implied in the GDP report. However, this “double seasonality” is a double-edged sword. Many may conveniently ignore the fact that if incorrect seasonal adjustments caused the BEA to underestimate growth in the first quarter, their reports will be overestimating growth in the next three quarters.

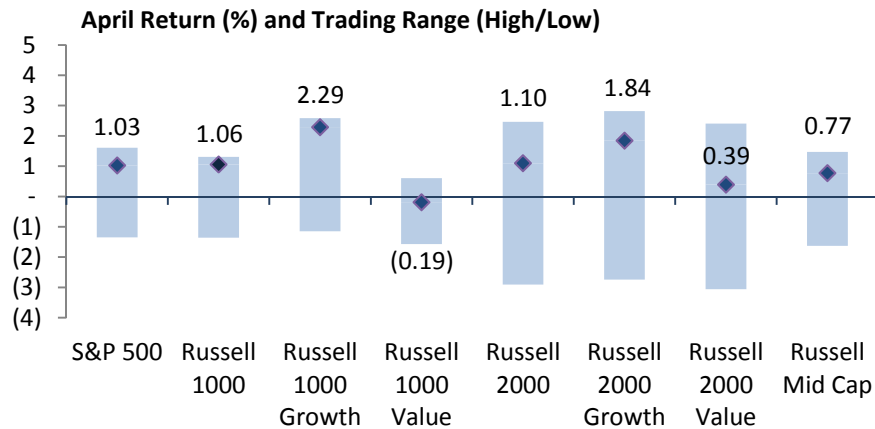


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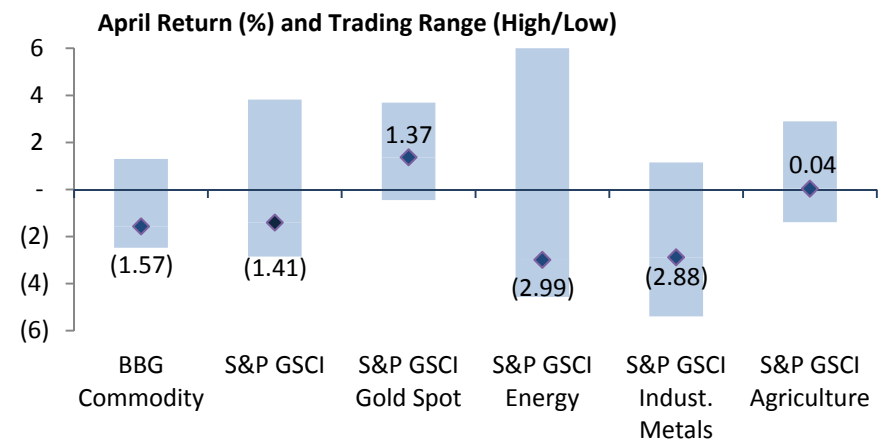
## Monthly Charts



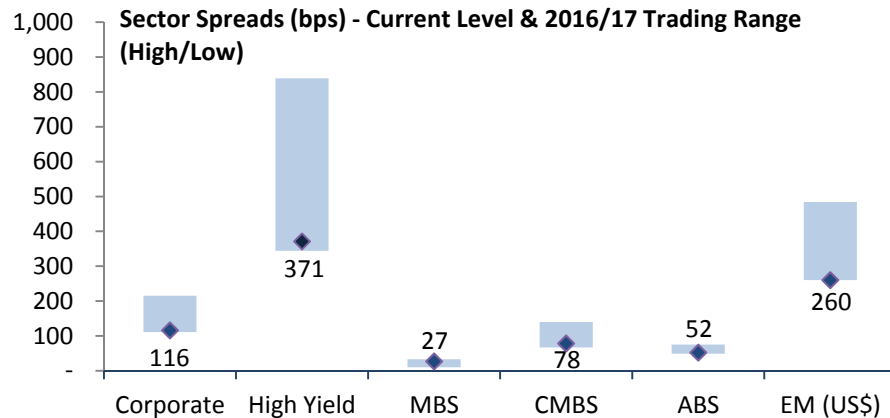
**U.S. Equities:** Optimism surrounding proposed U.S. tax reforms and encouraging corporate earnings data kept U.S. equities in modestly positive territory during the month of April.



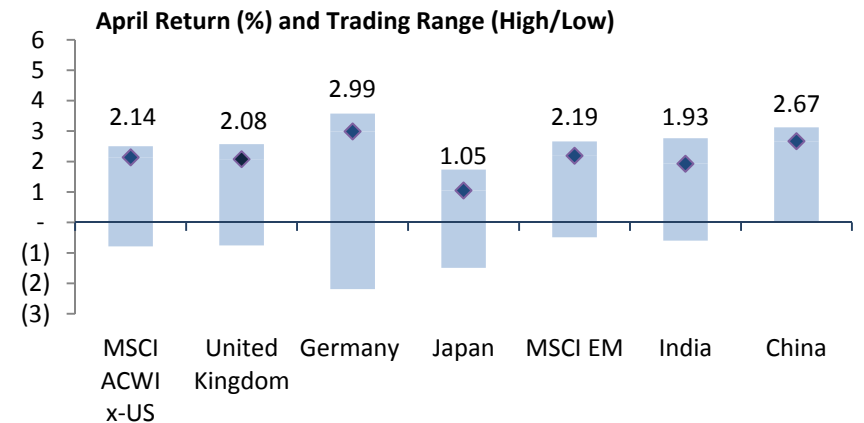
**Commodities:** Broad commodities prices marginally declined in April; however, gold prices enjoyed a slight gain in April, as weaker-than-expected U.S. economic growth weighed on the dollar.



**Fixed Income:** The modest flattening of the yield curve and slight narrowing of spreads caused longer-term and lower quality bonds to outperform.



**International Equities:** Developed and emerging markets furthered their 2017 performance advantage over U.S. equities. European equities led, following the first round of France's presidential election.

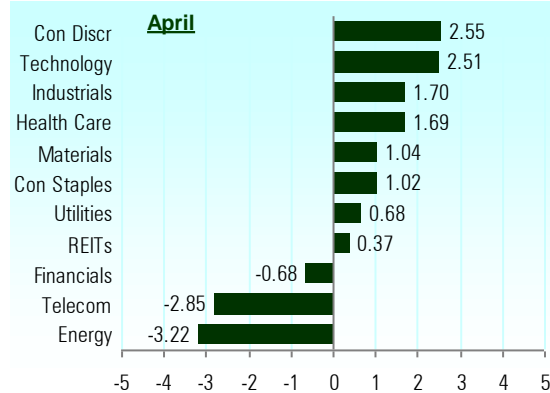


# Concord Advisory Group: April 2017 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	1.03%	5.16%	7.16%	17.92%	10.47%	13.68%
Russell 1000	1.06%	5.04%	7.15%	18.03%	10.20%	13.63%
Russell 1000 Growth	2.29%	7.77%	11.40%	19.50%	12.11%	13.87%
Russell 1000 Value	-0.19%	2.35%	3.07%	16.55%	8.26%	13.32%
Russell MidCap	0.77%	3.46%	5.96%	16.70%	8.97%	13.34%
Russell 2000	1.10%	3.18%	3.59%	25.63%	9.03%	12.95%
Russell 2000 Growth	1.84%	5.57%	7.29%	24.06%	9.27%	12.89%
Russell 2000 Value	0.39%	0.98%	0.26%	27.18%	8.71%	12.96%
MSCI ACWI	1.56%	5.68%	8.57%	15.14%	5.29%	8.96%
MSCI World	1.48%	5.41%	7.95%	14.65%	5.68%	9.94%
MSCI ACWI Ex-U.S.	2.14%	6.40%	10.17%	12.59%	0.83%	5.13%
MSCI EAFE	2.54%	6.87%	9.97%	11.29%	0.86%	6.78%
MSCI EM	2.19%	7.98%	13.88%	19.13%	1.79%	1.49%
Bloomberg Commodity	-1.51%	-3.93%	-3.80%	-1.32%	-15.03%	-9.74%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	0.77%	1.40%	1.59%	0.83%	2.65%	2.27%
Barclays Capital Global Aggregate	1.13%	1.76%	2.91%	-2.10%	-0.40%	0.37%
Barclays Capital Intermediate Aggregate	0.63%	1.14%	1.32%	0.75%	2.24%	1.92%
Barclays Capital Universal	0.83%	1.57%	1.93%	2.07%	2.98%	2.77%
Barclays Capital Government	0.68%	1.13%	1.37%	-0.57%	2.09%	1.45%
Barclays Capital Credit	1.00%	1.97%	2.31%	2.74%	3.44%	3.62%
Barclays Capital Municipal	0.73%	1.65%	2.32%	0.14%	3.39%	3.16%
Barclays Capital High Yield	1.15%	2.40%	3.89%	13.30%	4.74%	6.84%
Barclays Capital Mortgage	0.65%	1.16%	1.13%	0.66%	2.60%	2.04%
Barclays Capital 1-3 Yr Gov/Credit	0.18%	0.40%	0.59%	0.76%	0.97%	0.93%
Citigroup 3-Month Treasury Bill	0.04%	0.12%	0.16%	0.35%	0.15%	0.11%
Citigroup World Govt Bond	1.30%	1.84%	2.87%	-3.61%	-1.13%	-0.62%
Barclays Capital U.S. TIPS	0.59%	1.01%	1.86%	1.73%	1.77%	0.69%
ML Investment Grade Convertible	2.45%	5.78%	8.10%	22.29%	11.10%	12.66%

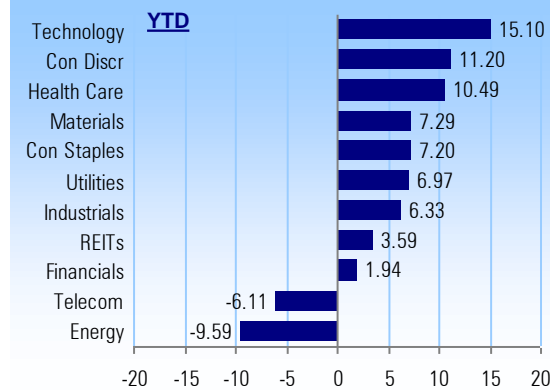
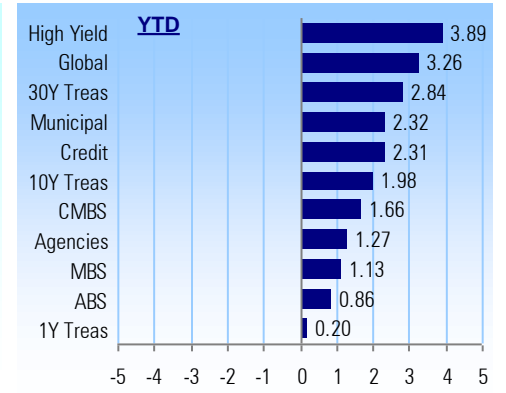
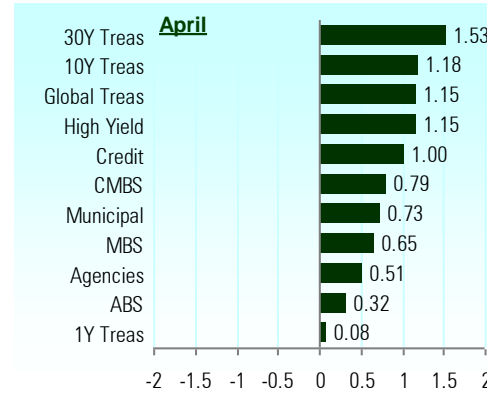
## Equity Sector Returns (%)



## Equity Style Returns (%)

Style	Value	Core	Growth
Large	-0.19	1.06	2.29
Mid	0.19	0.77	1.48
Small	0.39	1.10	1.84

## Fixed Income Sector Returns (%)



Style	Value	Core	Growth
Large	3.07	7.15	11.40
Mid	3.96	5.96	8.48
Small	0.26	3.59	7.29

## Treasury Yield Curve

