

Weekly Market Commentary

5/17/2017

Areas of Focus:

- 1) Earnings Growth Accelerates
- 2) US Inflation Matches Expectations

Through Friday, first quarter earnings from S&P 500 firms were on track for the largest growth rate in almost six years. With over 90% of S&P 5000 firms having reported first quarter results, year over year earnings growth for the first quarter stood at 13.6%. If that figure should hold through the end of earnings season, it would mark the highest earnings growth since the third quarter of 2011 (16.7%). Three quarters of S&P 500 firms that have reported beat their respective earnings estimates while almost two thirds of the firms topped their sales estimates. Led by the industrial sector, upward revisions to earnings estimates have helped to push nine of the ten S&P 500 sectors to higher growth rates today than what was estimated at the end of the first quarter. ¹

The Department of Labor released two key measures of inflation last week. First, producer prices, or the input costs to manufacture goods, rose 0.5% in April. The Consumer Price Index (CPI) also rose in April by 0.2%. The year over year increase in consumer prices is 2.2%, slightly lower than it was after March (2.4%) but higher than the 1.7% average annual increase over the past 10 years. Energy continues to be the most volatile sector as energy prices have risen more than 9% over the last year. ²

If you have any questions regarding this article, please feel free to contact Kevin Fusco at (410) 296-5400 x210, or visit www.fuscofinancial.com.

¹ Fact Set 5-12-2017.

² Bureau of Labor Statistics 5-12-2017.

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