

What happened in June?



Stocks softened in June as the Federal Reserve raised lending rates amid a strengthening U.S. and global economy.

U.S. stocks (measured by the S&P 500 Index) moved slightly higher in June, +0.6%, mostly thanks to dividends paid out throughout the month. Investors seem to be in a “wait-and-see” posture, looking for signals from central banks amid strengthening economies. The lack of investor action has kept volatility (as measured by the CBOE Volatility Index) near all-time lows. Technology stocks, (measured by the iShares Dow Jones US Technology ETF) which have been the market’s best producer in 2017, suffered a mild setback in June experiencing a 3.4% loss. Overall, the S&P 500 Index is now +9.3% YTD. Across the globe, international stocks were relatively flat with the MSCI All-Country World ex-U.S. Index +0.3% in June and +14.1% YTD. With the second quarter in the books, focus now shifts to Q2 earnings reports.



Recently featured in the *Investor's Business Daily*®, Patrick Jamin, NorthCoast’s Chief Investment Officer, provides commentary on the market moves of Q2 2017. You can read the article by clicking [here](#).

Moving into July

A few of the consumer and producer sentiment surveys we monitor fell in June, providing enough rationale to raise cash throughout the month. The high sentiment that followed the election of Trump with discussions of pro-growth initiatives such as tax reform, accommodative trade policies and infrastructure spending has faded. The late-month pullback boosted valuation metrics, but equity valuations still remain near highs. We enter July with an opportunistic posture at 76% invested in our tactical U.S. strategies and 96% exposure outlook in our international strategies.

NorthCoast Navigator: *A snapshot of NorthCoast’s market outlook*



Negative Indicators	Neutral Indicators	Positive Indicators	
<p>Valuation</p> <p>Stock price valuations remained in line with the prior month near decade highs at 21.5 P/E with a focus on Q2 earnings reports.</p>	<p>Sentiment</p> <p>UM Consumer Survey dropped for the 1st time since February and equity fund (SPY) experienced a 3rd straight month of outflows (-0.6% in June).</p>	<p>Macroeconomic</p> <p>Leading Economic Indicators hit their highest level for the year after the May reading while unemployment remains low and GDP estimates were revised higher.</p>	<p>Technical</p> <p>Short-term momentum staggered in late June as the S&P 500 Index traded just 1% above its 50-day moving average but remained 6% above the 200-day.</p>



The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current equity outlook. This aggregate metric is determined by multiple data points across four broad market-moving dimensions: Technical, Sentiment, Macroeconomic, and Valuation. The daily result determines equity exposure in our tactical strategies.

As of 6/30/2017. Data provided by Bloomberg, NorthCoast Asset Management.

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