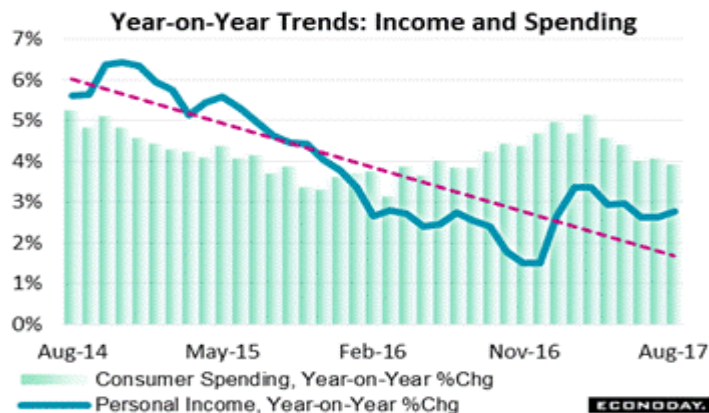


ECONOMIC/MARKET BRIEF



○ POSITIVES

- Although, the income and spending trend has been downward over the past 3 years, consumer spending and personal income are still growing and inflation is low, which makes our dollar go further.
- The PMI Manufacturing report (reflective of activity in private sector economy) continues to report moderate growth. September figure of 53.1 compared to 53.0 in August, shows little change. Hurricane effects can be seen in delivery delays which has slowed the most since Feb 2016.
- ISM Manufacturing index has strengthened to an index of 60.8 in September, which is a 13-year best, signifying that there has been growth in the manufacturing sector. Hurricanes increased input prices but did not slow down production.
- European equities (except for Spain, due to the Catalan referendum) have been up in the last week of September, partially due to weakening of the EURO. Gains ranged from 0.2% to 1.9%.

○ CHALLENGES

- September payrolls are likely to slow down. Forecasters predict only a 95,000 rise for September nonfarm payrolls (compared to 156,000 increase in Aug). The risk is that Harvey and Irma could further impact the results.
- Jobless claims in Texas rose early in September, while claims in Florida began to rise mid September. We are yet to see the effects on Puerto Rico.
- House sales in the south saw a sharp 5.7 drop due to Hurricane Harvey, higher prices and low supply.

Performance as of September 30, 2017

<u>Index</u>	<u>Month</u>	<u>3 Months</u>	<u>YTD</u>	<u>1 YR</u>	<u>3 YR</u>	<u>5 YR</u>
S&P 500	2.06%	4.48%	14.24%	18.61%	10.81%	14.22%
Dow Jones	2.16%	5.58%	15.45%	25.45%	12.35%	13.57%
Russell MidCap	2.77%	3.47%	11.74%	15.32%	9.54%	14.26%
Russell 2000	6.24%	5.67%	10.94%	20.74%	12.18%	13.79%
MSCI EAFE	2.49%	5.40%	19.96%	19.10%	5.04%	8.38%
MSCI Emg Mkts	-0.40%	7.89%	27.78%	22.46%	4.90%	3.99%
Barcap Aggr	-0.48%	0.85%	3.14%	0.07%	2.71%	2.06%

