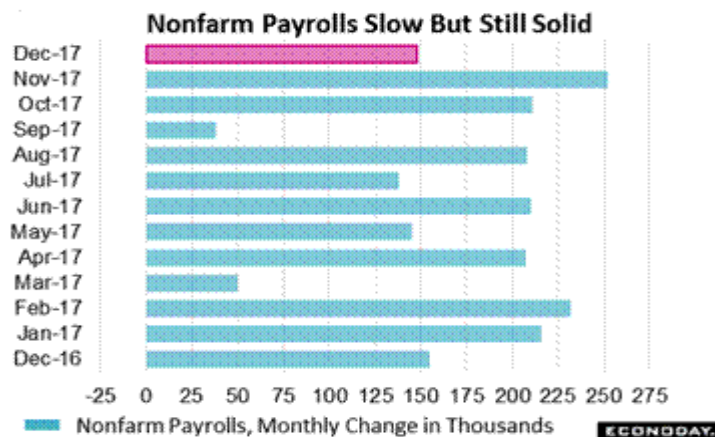


ECONOMIC/MARKET BRIEF



POSITIVES

- Non farm payrolls rose 148,000, still favorable though lower than expected. Unemployment stable at 4.1%.
- Fifth month of solid growth in manufacturing payroll, 25,000 in December and 31,000 in November. Proving to be the driving force for the economy. Best run for manufacturing payrolls in 3.5 years. Construction payrolls are also on a five month winning streak, led by increasing sales of new homes. Housing and construction sector accelerated into year end as proven by their strong payroll gains.
- Oil prices steadily moving close to \$60 which is the highest since 2014. Higher prices will likely inflate imports (worsening the trade deficit), but is also expected to boost retail sales and manufacturing (specifically energy equipment). Talks about the administration lifting restriction on offshore drilling could increase supply and put downward pressure on the oil price.

CHALLENGES

- Trade deficit deepening: Deficit increased to \$50.5 billion in November compared to \$48.9 billion in October. Partly attributed by the increase in imports on consumer goods and oil imports.

Performance as of December 31, 2017

Index	Month	3 Months	YTD	1 YR	3 YR	5 YR
S&P 500	1.11%	6.64%	21.83%	21.83%	11.41%	15.79%
Dow Jones	1.92%	10.96%	28.11%	28.11%	14.36%	16.37%
Russell MidCap	0.93%	6.07%	18.52%	18.52%	9.58%	14.96%
Russell 2000	-0.40%	3.34%	14.65%	14.65%	9.96%	14.12%
MSCI EAFE	1.61%	4.23%	25.03%	25.03%	7.80%	7.90%
MSCI Emg Mkts	3.59%	7.44%	37.28%	37.28%	9.10%	4.35%
Barcap Aggr	0.46%	0.39%	3.54%	3.54%	2.24%	2.10%

