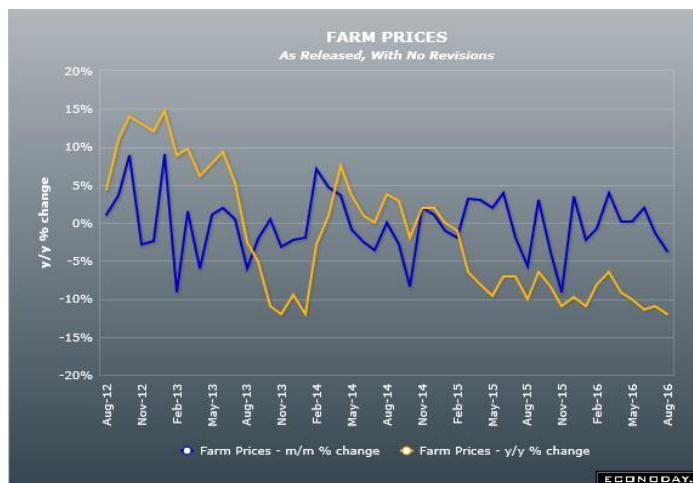


ECONOMIC/MARKET BRIEF



○ POSITIVES

- While non-farm payrolls added a softer 151,000 jobs to the market in August, the 3-month average of 232,000 job additions remains above the recovery average of 200,000
- Consumer confidence remains high which should bode well for near-term U.S. economic growth
- According to Baker-Hughes, the North American rig count is down 50 rigs compared to last year

○ CHALLENGES

- With S&P 500 companies posting negative earnings growth for six consecutive quarters, corporations are beginning to reduce share back buybacks and slow dividend growth
- The economy-weighted manufacturing plus non-manufacturing composite index fell from 55.1 to 51.2 in August, the lowest reading since January 2010
- While a 12% year-over-year decline in farm prices may bode well for consumers, costs likely outweigh the benefits as already tight producer margins become tighter and impact agricultural related companies through lower producer spending
- A labor shortage of nearly 200,000 unfilled construction positions is resulting in higher builder costs and leaving entry-level homes in tight supply as builders are building more expensive homes to try and maintain margins

Performance as of August 31, 2016

<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	0.14%	4.10%	7.82%	12.55%	12.30%	14.69%
Dow Jones	0.26%	4.18%	7.65%	14.37%	10.20%	12.48%
Russell 2000	1.77%	7.78%	10.23%	8.59%	8.53%	12.85%
MSCI EAFE	0.07%	1.61%	0.49%	-0.12%	2.47%	5.00%
MSCI Emg Mkts	2.49%	11.94%	14.55%	11.83%	1.12%	-0.42%
Barcap Aggr	-0.11%	2.32%	5.86%	5.97%	4.37%	3.24%

Key Inflation Measures Flat: PCE Core and CPI Core

