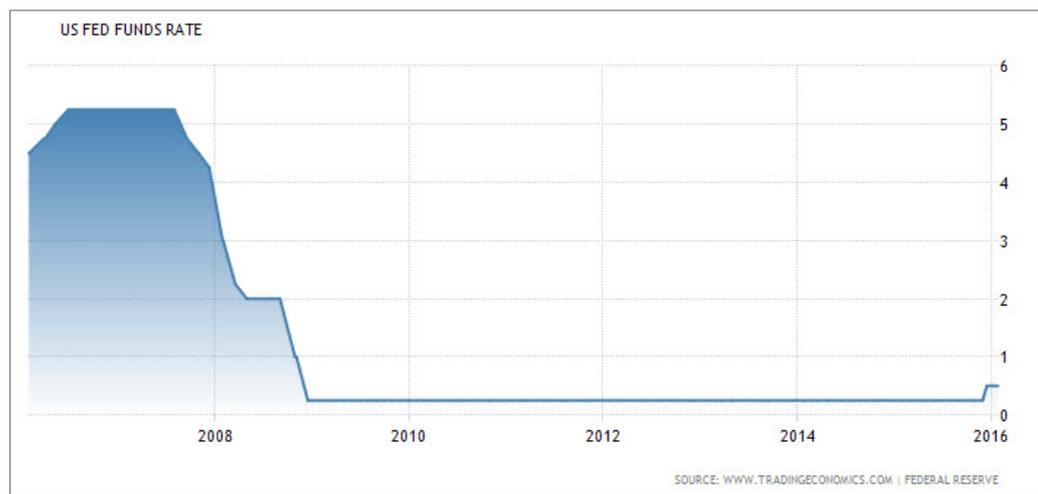


The Markets (as of market close January 29, 2016)

Volatility continues to best describe the markets throughout the first month of 2016, as they rebounded after a very shaky start to the new year. Boosted by a jump in oil prices, favorable earnings reports, and an end-of-the-week move by the Japanese central bank to set negative interest rates, several major indexes posted gains for the week.

Last Week's Headlines

- The Federal Reserve decided not to raise interest rates at its meeting last week. Even as economic growth slowed since its last meeting, the Federal Open Market Committee noted that labor market conditions improved and household spending and business fixed investment have been increasing at moderate rates, while housing has improved further. Inflation is expected to remain low in the near term, in part because of the further declines in energy prices, but to rise to 2% over the medium term. The committee will continue to assess realized and expected economic conditions, but expects the federal funds rate to remain, for some time, below levels that are expected to prevail in the longer run.



- The advance report on the U.S. international trade in goods and services from the Census Bureau reveals that the trade gap in December was \$61.513 billion, compared to a revised \$60.298 billion in November, reflecting further contraction in exports.
- There was some positive news for U.S. workers as wages and benefits grew 0.6% in the fourth quarter, according to the Bureau of Labor Statistics' Employment Cost Index. Wages and salaries, which make up about 70% of the overall index, grew 0.6%, while benefits rose 0.7%.

- A key indicator of economic growth is the gross domestic product, which is the most comprehensive measure of productivity. The latest figures from the Bureau of Economic Analysis show the economy generally sputtered for the fourth quarter of 2015, expanding at a seasonally adjusted annualized rate of only 0.7%. Comparatively, the GDP had expanded 2.0% in the third quarter and 3.9% in the second quarter.



- The Conference Board Consumer Confidence Index®, which had increased in December, improved moderately in January. The index now stands at 98.1, up from 96.3 in December. On the other hand, the University of Michigan's Index of Consumer Sentiment fell 0.6% in January, primarily based on stock market declines and somewhat weakened prospects for the national economy.
- For the week ended January 23, there were 278,000 initial claims for unemployment insurance, a decrease of 16,000 from the prior week's revised total. For the week ended January 16, the advance number for continuing unemployment insurance claims was 2,268,000, an increase of 49,000 from the previous week's revised level. The advance seasonally adjusted insured unemployment rate increased to 1.7% for the week ended January 16.

Key Dates for Reports and Data Releases

- 2/1: Personal income and outlays, ISM Manufacturing Index
- 2/3: ISM Non-Manufacturing Index
- 2/4: Factory orders, productivity and costs
- 2/5: Employment situation, international trade

Eye on the Week Ahead

On tap for the week are the latest reports on consumer spending and manufacturing, as well as the employment situation summary from the Bureau of Labor Statistics.

Weekly Focus – Think About It

"What seems to us as bitter trials are often blessings in disguise." **Oscar Wilde**, *Irish Novelist, Playwright, and Poet*

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Additional Notes:

- The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.
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- Past performance does not guarantee future results.
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