

THE PRIVATE CLIENT GROUP

WEALTH MANAGEMENT

~ FEBRUARY 2016 NEWSLETTER ~

Monthly Summary

Flat to slightly down stock markets in February were a welcome respite following meaningful declines in January. The seemingly benign month-end results, however, said nothing of the early month downturn or the impressive month-end rally to achieve them.

Throughout the month, investors were faced with conflicting, and in some cases, indeterminate data. Payroll growth slowed in January, yet wage gains accelerated and consumer spending was healthy. The Institute for Supply Management's manufacturing index suggested contraction, but durable goods orders, industrial production, and capacity utilization all advanced. Inflation *expectations* declined while actual *observed* inflation spiked upward. GDP growth for the final quarter of 2015 was revised upward, but an unsustainable inventory adjustment was a key factor. Lastly, the overall housing market continues to show volume and price gains, but the new home market has been constrained by construction headwinds.

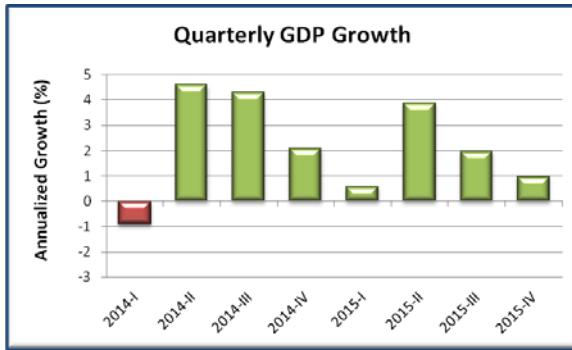
By mid-month, a crescendo of investor pessimism collided with a dovish Federal Reserve to drive stock markets and other risk assets higher.

Economic Data

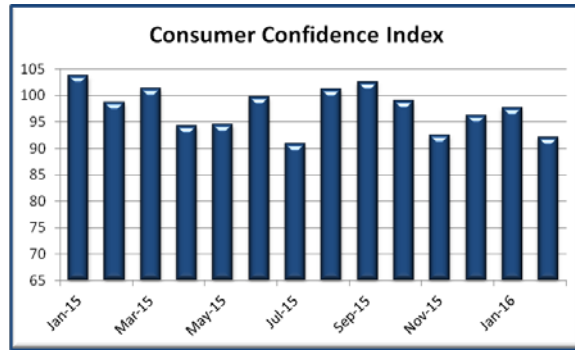
General	Prior	Current
GDP growth	2.0% (Q3)	1.0% (Q4)
Trade balance	-\$42.2B (Nov)	-\$43.4B (Dec)

Employment	Prior	Current
Initial jobless claims	262,000 (2/13)	272,000 (2/20)
Continuing claims	2.3MM (2/6)	2.3MM (2/13)
Change in nonfarm payrolls	262,000 (Dec)	151,000 (Jan)
Unemployment rate	5.0% (Dec)	4.9% (Jan)
Average weekly hours	34.5 (Dec)	34.6 (Jan)

Consumer	Prior	Current
Consumer confidence index (Conf. Board)	97.8 (Jan)	92.2 (Feb)
Retail sales growth (YoY)	3.0% (Dec)	1.4% (Jan)
Change in consumer credit	\$14.0B (Nov)	\$21.3B (Dec)



Data Source: U.S. Bureau of Economic Analysis

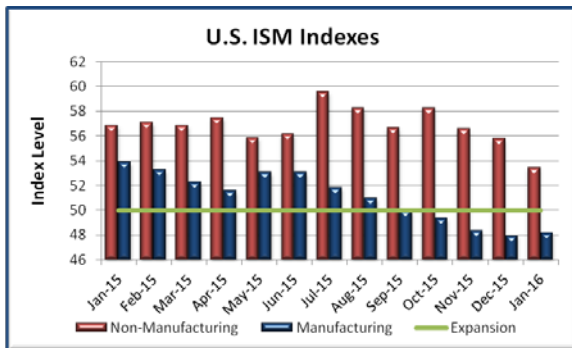


Data Source: The Conference Board

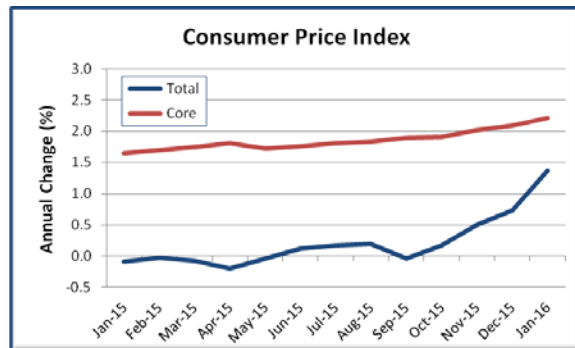
Manufacturing & Service	Prior	Current
ISM manufacturing index	48.0 (Dec)	48.2 (Jan)
ISM non-manufacturing index	55.8 (Dec)	53.5 (Jan)
Durable goods orders growth	-4.6% (Dec)	4.9% (Jan)
Industrial production growth	-0.7% (Dec)	0.9% (Jan)
Capacity utilization	76.4% (Dec)	77.1% (Jan)

Real Estate	Prior	Current
New home sales	544,000 (Dec)	494,000 (Jan)
Existing home sales	5.5MM (Dec)	5.5MM (Jan)
Case-Shiller home price index (YoY)	5.7% (Nov)	5.7% (Dec)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	0.7%/2.1% (Dec)	1.4%/2.1% (Jan)
Producer price index/Core (YoY growth)	-1.0%/0.3% (Dec)	-0.2%/0.6% (Jan)



Data Source: Institute for Supply Management



Data Source: U.S. Bureau of Labor Statistics

Market Returns

	Feb 2016	YTD 2016
Fixed Income		
Barclays Aggregate Bond	0.7%	2.1%
Barclays Municipal Bond	0.2%	1.4%
Barclays Gbl Agg. ex. U.S.	3.5%	4.0%
Alternatives		
Bloomberg Commodity	-1.6%	-3.3%
DJ US Real Estate	-0.7%	-4.7%

Data Source: Morningstar

	Feb 2016	YTD 2016
Domestic Equities		
Wilshire 5000	-0.1%	-5.5%
S&P 500	-0.1%	-5.1%
Russell 2000	0.0%	-8.8%
International Equities		
MSCI EAFE (Developed)	-1.8%	-8.9%
MSCI EM (Emerging)	-0.2%	-6.6%

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