

MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / AUGUST 2015

August Summary

Signs of a slowdown in China, the world's second largest economy, jolted stocks, bonds, currencies, and commodities in August. During the month, the S&P 500 experienced its worst single day decline since 2011 and all major U.S. market indexes fell into correction territory (down over 10% from previous high). Commodities had their share of pain as well. Dollar strength, cooling in China, and strong supply dynamics in many categories drove 18 of the 22 components in the Bloomberg Commodity index into a bear market (down at least 20%). As the month drew to a close, the oil market experienced its strongest three day rally in a quarter of a century. Absent this move, the most dramatic since Iraq's invasion of Kuwait in 1990, commodity results would have been far more dismal than a decline of just 0.9%.

For now, most economists believe the U.S. is fairly insulated from China's turmoil. Indeed, China accounts for less than 1% of U.S. GDP and under 2% of S&P 500 revenues. That said, China is a massive user of natural resources and its slowing has wreaked havoc on commodity prices. Add to that the nation's mid-month currency devaluation and you have a recipe for

a strong deflationary pulse to the U.S. and other areas of the globe. For this reason, there is great uncertainty as to the path of the U.S. Federal Reserve. Just weeks ago, odds favored an interest rate hike on September 17. Following recent turmoil, however, those odds dropped precipitously.

For now, Fed member comments suggest a hike is reliant on a reasonably robust labor market report on Friday, September 4, as well as less volatile capital markets. Lacking either or both, the Fed is likely on hold until at least October if not later.

August's Economic Releases

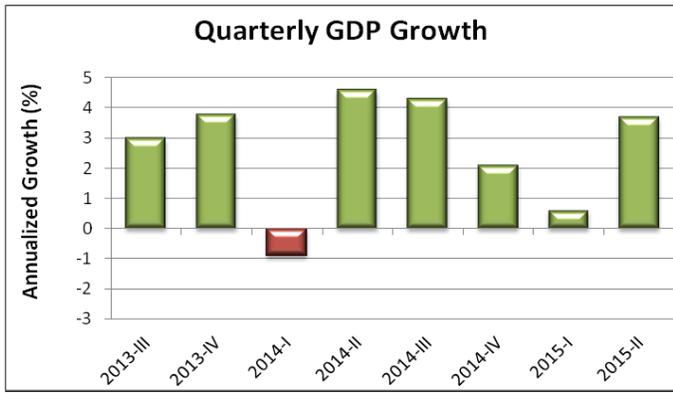
General	Prior	Current
GDP growth	0.6% (Q1)	3.7% (Q2)
Trade balance	-\$40.9B (May)	-\$43.8B (Jun)
Employment	Prior	Current
Initial jobless claims	277,000 (8/15)	271,000 (8/22)
Continuing claims	2.3MM (7/8)	2.3MM (8/15)
Change in nonfarm payrolls	231,000 (Jun)	215,000 (Jul)
Unemployment rate	5.3% (Jun)	5.3% (Jul)
Average weekly hours	34.5 (Jun)	34.6 (Jul)
Consumer	Prior	Current
Consumer confidence index (Conf. Board)	91.0 (Jul)	101.5 (Aug)
Retail sales growth (YoY)	3.3% (Jun)	2.9% (Jul)
Change in consumer credit	\$16.5B (May)	\$20.7B (Jun)
Manufacturing & Service	Prior	Current
ISM manufacturing index	53.5 (Jun)	52.7 (Jul)
ISM non-manufacturing index	56.0 (Jun)	60.3 (Jul)
Durable goods orders growth	4.1% (Jun)	2.0% (Jul)
Industrial production growth	0.1% (Jun)	0.6% (Jul)
Capacity utilization	77.7% (Jun)	78.0% (Jul)
Real Estate	Prior	Current
New home sales	481,000 (Jun)	507,000 (Jul)
Existing home sales	5.5MM (Jun)	5.6MM (Jul)
Case-Shiller home price index (YoY)	5.0% (May)	5.0% (Jun)
Inflation	Prior	Current
Consumer price index/Core (YoY growth)	0.1%/1.8% (Jun)	0.2%/1.8% (Jul)
Producer price index/Core (YoY growth)	-0.7%/0.8% (Jun)	-0.8%/0.6% (Jul)



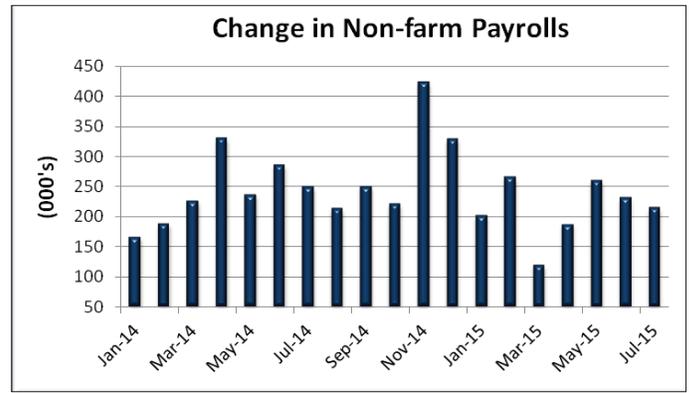
CONWAY WEALTH GROUP

At Summit Financial Resources, Inc.

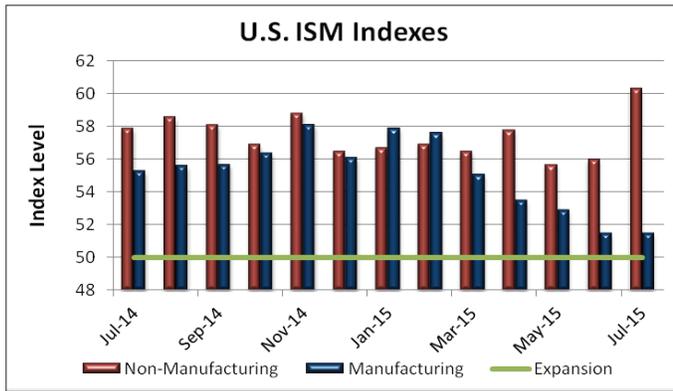
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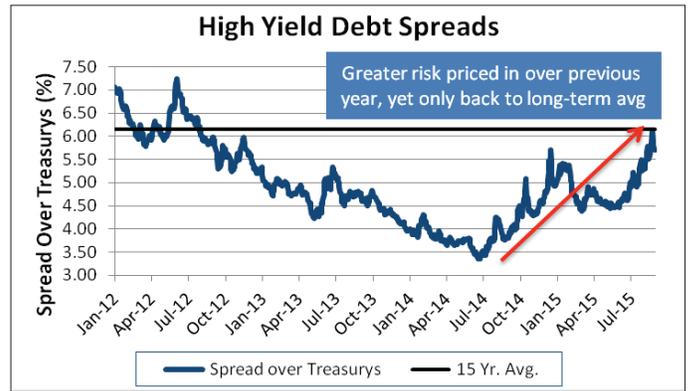
U.S. Bureau of Economic Analysis



U.S. Bureau of Labor Statistics



Institute for Supply Management



BofA Merrill Lynch

Market Returns

	August 2015	YTD 2015
Fixed Income		
Barclays Aggregate Bond	-0.1%	0.4%
Barclays Municipal Bond	0.2%	1.0%
Barclays Gbl Agg. ex. U.S.	0.4%	-5.2%
Alternatives		
Bloomberg Commodity	-0.9%	-12.8%
DJ US Real Estate	-5.7%	-6.3%

Morningstar

	August 2015	YTD 2015
Domestic Equities		
Wilshire 5000	-6.0%	-2.7%
S&P 500	-6.0%	-2.9%
Russell 2000	-6.3%	-3.0%
International Equities		
MSCI EAFE (Developed)	-7.4%	-0.2%
MSCI EM (Emerging)	-9.0%	-12.9%

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