

MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / NOVEMBER 2013

November Summary

Most key economic releases in November were stronger than expected. Despite the government shutdown in October, the labor market showed unexpected resilience. A corresponding plunge in consumer confidence also showed no impact on retail sales, which actually accelerated from the previous month. Moreover, GDP growth in the third quarter handily outperformed expectations. Resulting equity market gains were only enhanced by the news that the Senate Banking Committee voted to send Janet Yellen's nomination to the full Senate for confirmation. Yellen, for her part, performed admirably under interrogation. She demonstrated her bona fides as a monetary dove and assured markets that continuity would be maintained at the Federal Reserve.

Despite the positives, follow-through may be a challenge. Inventory gains accounted for 30% of third quarter GDP growth and may be reversed in the final quarter. Furthermore, the government shutdown will result in a 0.5% hit to economic output in the period. And continued uncertainty regarding U.S. fiscal policy may yet impact the consumer. After all, confidence has not been restored to pre-shutdown levels, and personal consumption spending growth has been slowing for the past two quarters.

As for markets, stronger economic data could push the Federal Reserve to taper earlier than expected. Indeed, more than a few economists have posited a December tapering may be in store.

Those offering such a premise suggest the Fed might attempt to blunt the inevitable market impact by extending the timeframe of their zero interest rate policy.

November's Economic Releases

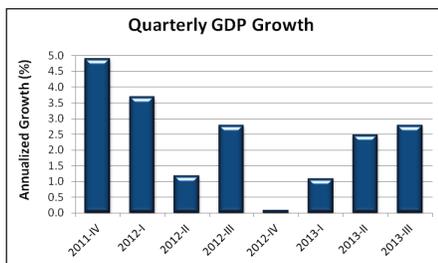
	Prior	Current
General		
GDP growth	2.5% (Q2)	2.8% (Q3)
Trade balance	-\$38.7 B (Aug)	-\$41.8 B (Sep)
Employment		
Initial jobless claims	326,000 (11/16)	316,000 (11/23)
Continuing claims	2.9 MM (11/09)	2.8 MM (11/16)
Change in nonfarm payrolls	204,000 (Sep)	163,000 (Oct)
Unemployment rate	7.2% (Sep)	7.3% (Oct)
Average weekly hours	34.4 (Sep)	34.4 (Oct)
Consumer		
Consumer confidence index (Conf. Board)	72.4 (Oct)	70.4 (Nov)
Retail sales growth (YoY)	3.3% (Sep)	4.3% (Oct)
Change in consumer credit	\$14.2 B (Aug)	\$13.7 B (Sep)
Manufacturing & Service		
ISM manufacturing index	56.2 (Sep)	56.4 (Oct)
ISM non-manufacturing index	54.4 (Sep)	55.4 (Oct)
Durable goods orders growth	4.1% (Sep)	-2.0% (Oct)
Industrial production growth	0.7% (Sep)	-0.1% (Oct)
Capacity utilization	78.3% (Sep)	78.1% (Oct)
Real Estate		
New home sales	390,000 (Jul)	421,000 (Aug)
Existing home sales	5.3 MM (Sep)	5.1 MM (Oct)
Case-Shiller home price index (YoY)	12.8% (Aug)	13.3% (Sep)
Inflation		
Consumer price index/Core (YoY growth)	1.2%/1.7% (Sep)	1.0%/1.7% (Oct)
Producer price index/Core (YoY growth)	0.3%/1.2% (Sep)	0.3%/1.4% (Oct)



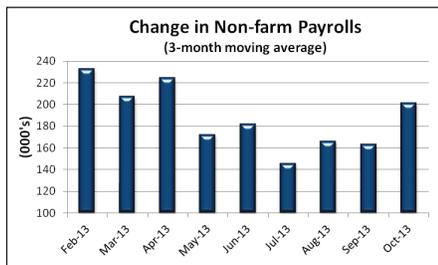
CONWAY WEALTH GROUP

At Summit Financial Resources, Inc.

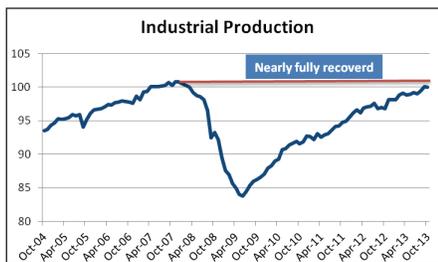
Aligning Life & Wealth™



Data Source: U.S. Department of Commerce



Data Source: U.S. Department of Labor



Data Source: U.S. Federal Reserve



Data Source: S&P/Case-Shiller

Market Returns

The Barclays U.S. Aggregate index lost 0.4% for the month, and the yield on the 10-year U.S. Treasury note rose 18 basis points to end at 2.75%. For the year, the Barclays U.S. Aggregate is down 1.5%. High yield credit spreads compressed slightly during the month providing the Barclays High Yield index with a gain of 0.5%. The high yield index is up 6.9% so far this year. International bonds lost 1.1% for the month and are now down 2.5% for the year-to-date.

The S&P 500 gained 3.0% for the month bringing year-to-date gains to 29.1%. Developed international equity markets, as defined by the MSCI EAFE index, were up 0.8% in October while the MSCI Emerging Markets index lost 1.5%. Dollar strength against emerging market currencies accounted for losses incurred during the month. Year-to-date, international developed and emerging markets have returned 21.0% and -1.2%, respectively. In other markets, the DJ U.S. Real Estate index lost 4.7% for the month and the DJ Commodity index fell 0.8%.

Disclaimers

This commentary was written by Robert W. Lamberti, CFA who serves as VP of Investments for Summit Financial Resources, Inc. 4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3600, Fax: 973-285-3666. Source of performance: Morningstar®. Indices are unmanaged and cannot be invested into directly. The investment and market data contained in this newsletter is not an offer to sell or purchase any security or commodity. Standard & Poor's 500 Index (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The MSCI EAFE and Emerging Markets Indexes were created by Morgan Stanley Capital International (MSCI) and designed to measure equity market performance in global developed and emerging markets, respectively. The Barclays Aggregate Bond Index is a market capitalization-weighted index comprised of government securities, mortgage-backed securities, asset-backed securities, corporate securities, and a small number of foreign bonds traded in the U.S. It is used to represent the universe of bonds in the domestic market. REITs, Real Estate Investment Trusts, are securities that invest in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, however, may have liquidity constraints. Past performance does not guarantee future results. Information throughout this Newsletter, whether stock quotes, charts, articles, or any other statement or statements regarding markets or other financial information, are obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Neither we nor our information providers shall be liable for any errors or inaccuracies, regardless of cause, or the lack of timeliness of, or for any delay or interruption in the transmission thereof to the reader. To unsubscribe from this investment newsletter please reply to this email with "unsubscribe" in the subject. Opinions expressed are subject to change without notice and are not intended as investment advice or a guarantee of future performance. Consult your financial professional before making any investment decision.