

MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / AUGUST 2018

August Summary

U.S. stocks surpassed all major asset classes in August. The U.S. stock market has now entered the longest bull market in history. U.S. small cap and growth stocks are up more than 10% year to date. Second quarter earnings for the S&P 500 expanded almost 28% on an annual basis. Some factors that boosted earnings should wane over time including tax reform, higher oil prices, and a weaker dollar, which supported companies with substantial international revenue. U.S. stock valuations, corporate profit margins, and investor sentiment are at historic extremes, providing less room for improvement going forward. U.S. bonds were helped by relatively stable interest rates and a positive environment for credit sensitive corporate and municipal securities. Broad international stock and bond indices lost ground in August. Emerging markets, hard hit by falling currencies as well as negative political and economic events in a few countries, are near bear market territory.

Second quarter U.S. GDP was revised upward to an annualized 4.2% on the back of healthy retail sales and a rebound in net exports. A weak housing market was a drag on the

economy. Average hourly earnings grew less than inflation, impairing the consumer as businesses pass on higher costs but disposable income stagnates. Actual and expected inflation has been picking up. The Federal Reserve held steady this month after raising rates and increasing growth and inflation

forecasts in June. Although recent economic data suggests that further rate hikes may be in store, the bond markets have priced in lower rates and slower economic growth over the coming years. A globally diversified portfolio can help investors navigate an uncertain economic and market environment.

Economic Data

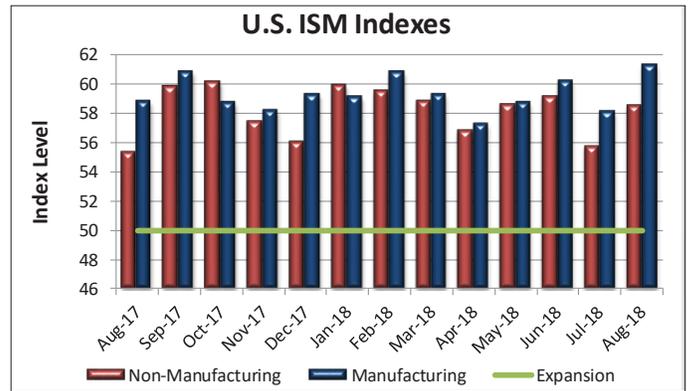
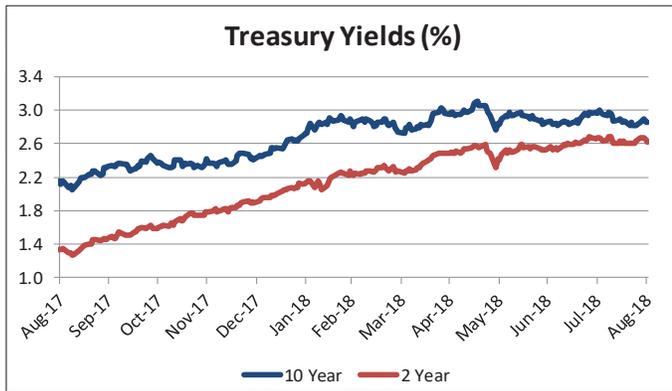
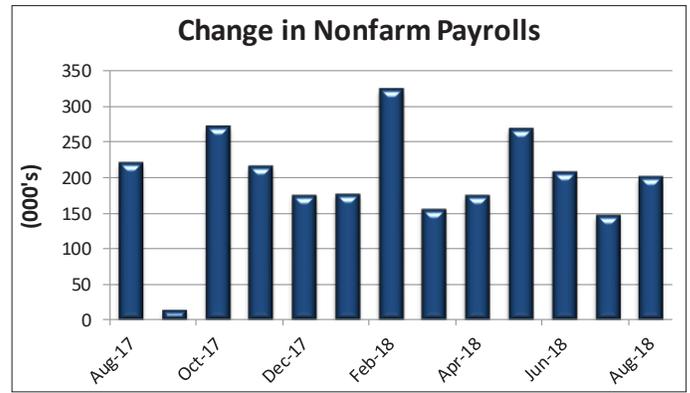
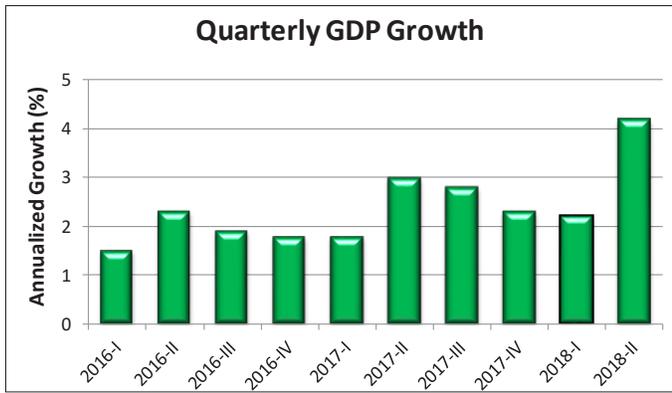
General	Prior	Current
GDP growth	2.2% (Q1 2018)	4.2% (Q2 2018)
Trade balance	-\$45.7B (Jun)	-\$50.0B (Jul)
Employment	Prior	Current
Initial jobless claims	213,000 (8/25)	203,000 (9/1)
Continuing claims	1.71MM (8/18)	1.71MM (8/25)
Change in non-farm payrolls	147,000 (Jul)	201,000 (Aug)
Unemployment rate	3.9% (Jul)	3.9% (Aug)
Average weekly hours	34.5 (Jul)	34.5 (Aug)
Consumer	Prior	Current
Consumer confidence index (Conference Board)	127.9 (Jul)	133.4 (Aug)
Retail sales growth	0.2% (Jun)	0.5% (Jul)
Change in consumer credit	\$24.3B (May)	\$10.2B (Jun)
Manufacturing & Service	Prior	Current
ISM manufacturing index	58.1 (Jul)	61.3 (Aug)
ISM non-manufacturing index	61.3 (Jul)	58.5 (Aug)
Durable goods orders growth	0.7% (Jun)	-1.7% (Jul)
Industrial production growth	1.0% (Jun)	0.1% (Jul)
Capacity utilization	78.1% (Jun)	78.1% (Jul)
Real Estate	Prior	Current
New home sales	638,000 (Jun)	627,000 (Jul)
Existing home sales	5.4MM (Jun)	5.3MM (Jul)
S&P CoreLogic CS home price index (YoY)	6.4% (May)	6.2% (Jun)
Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.9%/2.3% (Jun)	2.9%/2.4% (Jul)
Producer price index/Core (YoY growth)	3.4%/2.7% (Jun)	3.3%/2.8% (Jul)



CONWAY WEALTH GROUP

At Summit Financial Resources, Inc.

Aligning Life & Wealth®



Market Returns

	August 2018	YTD 2018
Cash and Fixed Income		
Barclays Aggregate Bond	0.6%	-1.0%
Barclays Municipal Bond	0.3%	0.3%
Barclays Gbl Agg. ex. U. S.	-0.3%	-2.0%
Alternatives		
Bloomberg Commodity	-1.8%	-3.9%
DJ US Real Estate	2.4%	4.8%

	August 2018	YTD 2018
Domestic Equities		
Wilshire 5000	3.5%	10.4%
S & P 500	3.3%	9.9%
Russell 2000	4.3%	14.3%
International Equities		
MSCI EAFE (Developed)	-1.9%	-2.3%
MSCI EM (Emerging)	-2.7%	-7.2%

Disclaimers

Source for economic data: Bloomberg. Source for market returns: Morningstar®. This commentary was written by Daniel Cohen, Senior Investment Analyst and Noreen Johnston, CFA, Director of Research and at Summit Equities, Inc. and Summit Financial Resources, Inc. Indices are unmanaged and cannot be invested into directly. The investment and market data in this newsletter is not an offer to sell or purchase any security or commodity. Past performance does not guarantee future results. *The Bloomberg Barclays U. S. Aggregate Bond Index* is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U. S. *The Bloomberg Barclays Municipal Bond Index* covers the U. S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The Bloomberg Barclays Global Aggregate Ex U. S. Index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities. *The Bloomberg Commodity Index* measures the performance of the commodity sector representing an unleveraged, long-only investment in commodity futures that is broadly diversified, and primarily liquidity weighted. *The Dow Jones U. S. Real Estate Index* measures the performance of the real estate sector of the U. S. equity market. It includes companies in the following industries: real estate holding and development and Real Estate Investment Trusts. *The Wilshire 5000 Total Market Index* measures the performance of all U. S. headquartered equities with readily available price data. It is market capitalization-weighted and is designed to track the overall performance of the U. S. stock market. *The S&P 500 Index* is a market capitalization-weighted Index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity, and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. *The Russell 2000 Index* measures the performance of the small cap segment of the U. S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. *The MSCI EAFE Index* (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U. S. and Canada. *The MSCI Emerging Markets Index* is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. Information throughout this Newsletter or any other statement(s) 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. Opinions expressed are subject to change without notice and are not intended to be investment advice or a guarantee of future performance. Consult your financial professional before making any investment decision. Securities and Investment Advisory Services offered through Summit Equities, Inc. Member FINRA/SIPC, and Financial Planning Services offered through Summit Equities, Inc. 's affiliate Summit Financial Resources, Inc. 4 Campus Drive, Parsippany, NJ 07054. Tel. 973-285-3600, Fax: 973-285-3666.

20180914-812