

~ JANUARY 2017 NEWSLETTER ~

Monthly Summary

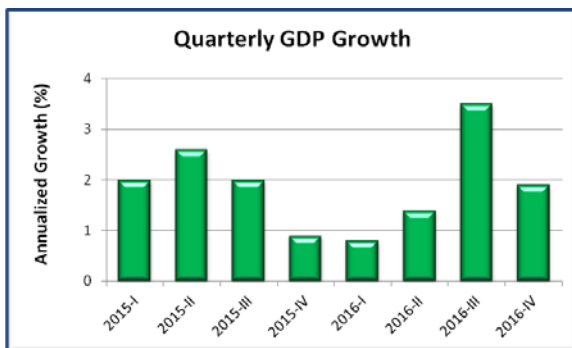
Investment markets were well behaved in January, with all major asset classes capturing positive returns. That said, as a testament to remaining globally balanced and well-diversified, leaders and laggards completely reversed compared to the final quarter of 2016. In particular, growth stocks outperformed value, large companies bested small, and international investments outshone domestic counterparts. Of note, these reversals are the exact opposite of what conventional wisdom would suggest for a Trump administration. Therein lies a valuable lesson for those attempting to handicap, and bet on, post-election winners and losers. Markets overshoot, underestimate, misjudge, and often completely miss both the timing and magnitude of what may or may not come to fruition. In short, directional bets based on the foggy intersection of politics and economics can be hazardous to one's wealth.

U.S. gross domestic product grew at an annualized rate of 1.9% in the final quarter of 2016. Full year growth of 1.6% was below the average pace of 2.1% achieved during the current expansion. Key positives were household spending on durable goods, business investment, and a 10.2% annualized gain in residential housing. A sizable inventory gain, suggestive of a positive business outlook, helped as well. On the flipside, net exports were a material headwind as exports *contracted* and imports *grew*. The negative trade balance was accentuated by dollar strength, comparatively strong domestic economic growth, and a reversal of one-time trade positives in Q3.

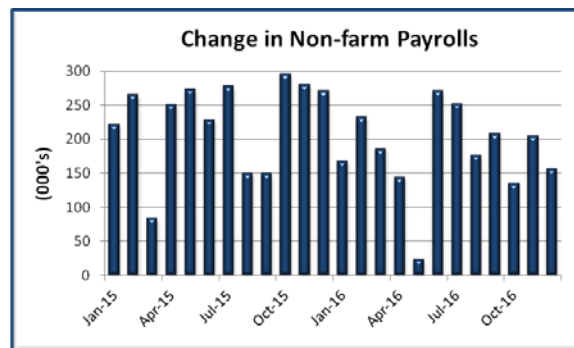
General	Prior	Current
GDP growth	3.5% (Q3)	1.9% (Q4)
Trade balance	-\$42.4B (Oct)	-\$45.2B (Nov)

Employment	Prior	Current
Initial jobless claims	237,000 (1/14)	259,000 (1/21)
Continuing claims	2.1MM (1/7)	2.1MM (1/14)
Change in nonfarm payrolls	204,000 (Nov)	156,000 (Dec)
Unemployment rate	4.6% (Nov)	4.7% (Dec)
Average weekly hours	34.3 (Nov)	34.3 (Dec)

Consumer	Prior	Current
Consumer confidence index (Conf. Board)	113.3 (Dec)	111.8 (Jan)
Retail sales growth (YoY)	5.4% (Nov)	4.4% (Dec)
Change in consumer credit	\$16.2B (Oct)	\$24.5B (Nov)



Data Source: U.S. Bureau of Economic Analysis

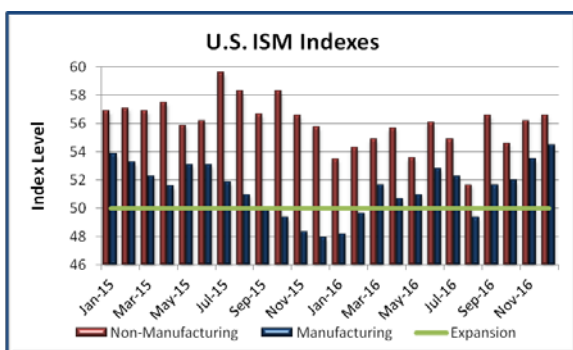


Data Source: U.S. Bureau of Labor Statistics

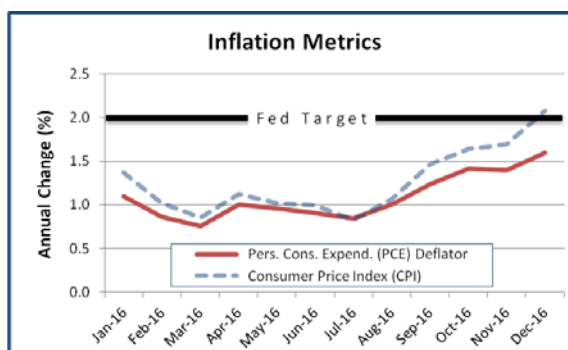
Manufacturing & Service	Prior	Current
ISM manufacturing index	53.5 (Nov)	54.7 (Dec)
ISM non-manufacturing index	56.2 (Nov)	57.2 (Dec)
Durable goods orders growth	-4.8% (Nov)	-0.4% (Dec)
Industrial production growth	-0.7% (Nov)	0.8% (Dec)
Capacity utilization	74.9% (Nov)	75.5% (Dec)

Real Estate	Prior	Current
New home sales	598,000 (Nov)	536,000 (Dec)
Existing home sales	5.7MM (Nov)	5.5MM (Dec)
S&P CoreLogic CS home price index (YoY)	5.1% (Oct)	5.3% (Nov)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	1.7%/2.1% (Nov)	2.1%/2.2% (Dec)
Producer price index/Core (YoY growth)	1.3%/1.6% (Nov)	1.6%/1.6% (Dec)



Data Source: Institute for Supply Management



Data Sources: U.S. Bureau of Labor Stats/U.S. BEA

Market Returns

January 2017	
Cash and Fixed Income	
Barclays Aggregate Bond	0.2%
Barclays Municipal Bond	0.7%
Barclays Gbl Agg. ex. U.S.	1.9%
Alternatives	
Bloomberg Commodity	0.1%
DJ US Real Estate	0.2%

Data Source: Morningstar

January 2017	
Domestic Equities	
Wilshire 5000	2.1%
S&P 500	1.9%
Russell 2000	0.4%
International Equities	
MSCI EAFE (Developed)	2.9%
MSCI EM (Emerging)	5.5%

Disclaimers: This commentary was composed by Summit Equities, Inc. and Summit Financial Resources, Inc. Source of performance: Morningstar®. 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 *Barclays Capital U.S. Aggregate Bond Index* is a market capitalization-weighted index comprising Treasury securities, Government agency, mortgage backed, corporate, and some foreign bonds traded in the U.S. The *Barclays Capital Municipal Bond Index* covers the U.S. dollar-denominated long-term tax exempt bond market. The *Barclays Capital Global Aggregate ex. U.S. Bond Index* measures the performance of global investment grade fixed-rate debt markets excluding USD-dominated securities. The *Bloomberg Commodity Index* measures the performance of the commodity sector representing an unleveraged, long-only investment in commodity futures. The *Dow Jones U.S. Real Estate Index* measures the performance of the real estate sector of the U.S. equity market, including real estate holding and development companies 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 markets. 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. The *Russell 2000 Index* measures the performance of the small cap segment of the U.S. equity universe. The *MSCI EAFE Index* is a free float-adjusted market capitalization index designed to measure the performance of developed markets, excluding the U.S. and Canada. The *MSCI Emerging Markets Index* is a free float-adjusted market capitalization index designed to measure global emerging markets performance. 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. 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. 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. Steven W. Lieberman, the founder and Senior Managing Director of The Private Client Group at Summit Financial Resources, Inc., provides securities and investment advisory services through Summit Equities, Inc. Member FINRA/SIPC, and financial planning services through Summit Equities, Inc.'s affiliate, Summit Financial Resources, Inc. 4 Campus Drive, Parsippany, NJ, 07054. Tel. 973-285-3600. Fax. 973-285-3666.