

~ OCTOBER 2017 NEWSLETTER ~

Monthly Summary

Global stock markets climbed steadily higher in October. U.S. stocks are at record highs and emerging markets are up over 30% year to date. Large cap growth stocks, particularly technology companies, outperformed. After a period of strong gains and with valuations stretched, many strategists are calling for a stock market correction. It is important to remember that, historically, stock market downturns over 5% occur a few times a year, and 10% corrections tend to occur annually. Market volatility has been noticeably subdued. That said, attempts to time the market and avoid losses are rarely successful. Fixed income returns were modest for the month as interest rates rose and the yield curve continued to flatten, favoring credit sensitive sectors with higher coupons.

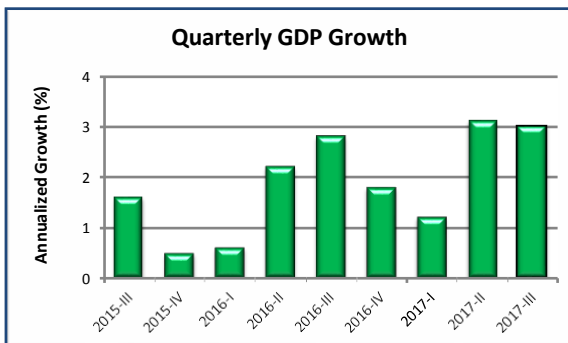
During the third quarter, economic growth accelerated in Europe and Japan. Annualized growth in the U.S. was a healthy 3%, roughly in line with the prior quarter. The most recent U.S. employment report was positive, but wage growth declined, a surprise in such a tight labor market. Central banks are navigating difficult waters including balance sheet unwinding (U.S. Federal Reserve), the economic effects of Brexit (Bank of England), and high debt levels (Bank of China). Jerome Powell, nominated to head the Federal Reserve, is expected to provide continuity and pro-growth policies. Inflation is below the desired level in many countries and the European Central Bank recently elected to continue quantitative easing for at least the next year after a disappointing inflation report. Monetary policy has been a key driver of the global recovery and should be closely watched.

Economic Data

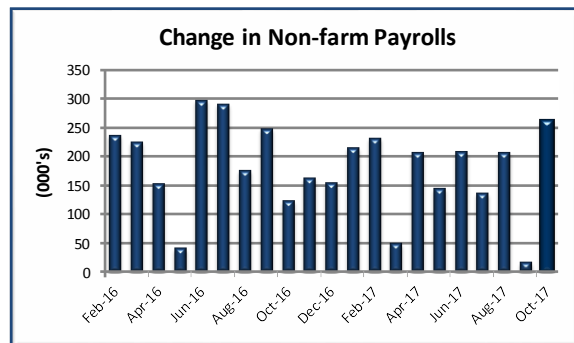
<u>General</u>	<u>Prior</u>	<u>Current</u>
GDP growth	3.1% (Q2)	3.0% (Q3)
Trade balance	-\$42.8B (Aug)	-\$43.5B (Sep)

<u>Employment</u>	<u>Prior</u>	<u>Current</u>
Initial jobless claims	234,000 (10/21)	229,000 (10/28)
Continuing claims	1.88MM (10/21)	1.90MM (10/28)
Change in non-farm payrolls	18,000 (Sep)	261,000 (Oct)
Unemployment rate	4.2% (Sep)	4.1% (Oct)
Average weekly hours	34.4 (Sep)	34.4 (Oct)

<u>Consumer</u>	<u>Prior</u>	<u>Current</u>
Consumer confidence index (Conference Board)	120.6 (Sep)	125.9 (Oct)
Retail sales growth	-0.1% (Aug)	1.6% (Sep)
Change in consumer credit	\$13.1B (Aug)	\$20.8B (Sep)



Data Source: U.S. Bureau of Economic Analysis

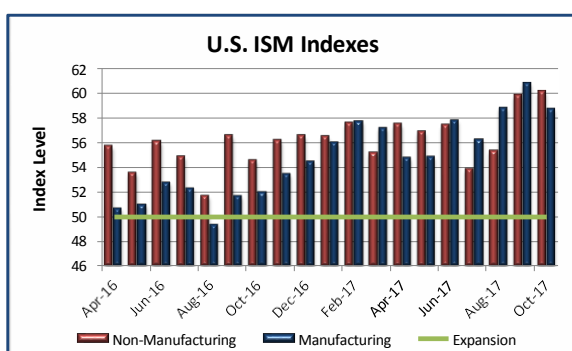


Data Source: U.S. Bureau of Labor Statistics

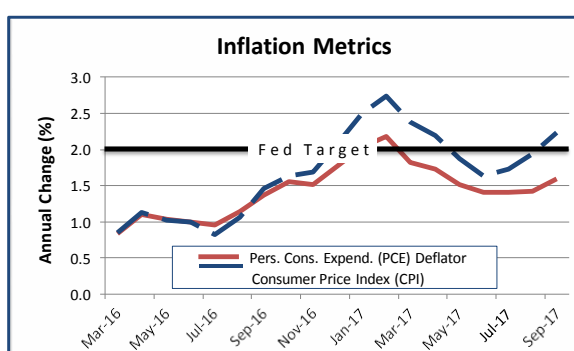
Manufacturing & Service	Prior	Current
ISM manufacturing index	60.8 (Sep)	58.7 (Oct)
ISM non-manufacturing index	59.8 (Sep)	60.1 (Oct)
Durable goods orders growth	2.0% (Aug)	2.2% (Sep)
Industrial production growth	-0.7% (Aug)	0.3% (Sep)
Capacity utilization	75.8% (Aug)	76.0% (Sep)

Real Estate	Prior	Current
New home sales	561,000 (Aug)	667,000 (Sep)
Existing home sales	5.4MM (Aug)	5.4MM (Sep)
S&P CoreLogic CS home price index (YoY)	5.9% (Jul)	6.1% (Aug)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	1.9%/1.7% (Aug)	2.2%/1.7% (Sep)
Producer price index/Core (YoY growth)	2.4%/1.9% (Aug)	2.6%/2.1% (Sep)



Data Source: Institute for Supply Management



Data Sources: U.S. Bureaus of Labor Stats. & Economic Analysis

Market Returns

	Oct 2017	YTD 2017
Fixed Income		
BBgBarc Aggregate Bond	0.1%	3.2%
BBgBarc Municipal Bond	0.2%	4.9%
BBgBarc Gbl Agg. ex. U.S.	-0.7%	7.9%
Alternatives		
Bloomberg Commodity	2.1%	-0.8%
DJ U.S. Real Estate	0.1%	7.2%

Data Source: Morningstar

	Oct 2017	YTD 2017
Domestic Equities		
Wilshire 5000	2.2%	16.2%
S&P 500	2.3%	16.9%
Russell 2000	0.9%	11.9%
International Equities		
MSCI EAFE (Developed)	1.5%	21.8%
MSCI EM (Emerging)	3.5%	32.3%

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 *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. 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 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. 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.