

Markets surged last week after a surprising June jobs report buoyed investor sentiment. The S&P 500 came within a hair of a new record close on the news. For the week, the S&P 500 grew 1.28%, the Dow gained 1.10%, the NASDAQ added 1.94%, and the MSCI EAFE fell 1.76%.¹

Stocks surged after Friday's better-than-expected June jobs report. The S&P 500 closed Friday at 2,129.90, less than a point from its record closing high of 2,130.82 reached in May 2015.² The rally was broad-based, and we're happy to see that investors are shaking off global worries by responding to success stories at home.

After disappointing April and May jobs reports introduced worries of a labor market slowdown, the June report showed that the economy added 287,000 new jobs last month. Since expectations called for around 165,000 jobs, investors counted the report as a solid win for the economy.³

How many jobs does the economy need to support sustainable growth? According to a survey of Wall Street Journal economists, the break-even number for sustainable labor growth could be an average of 145,000 new jobs per month. Fewer new jobs, and the economy won't be able to keep up with population changes as older workers retire and young adults join the workforce.⁴

As with all things economic, there are other opinions. In 2013, the Federal Reserve Bank of Chicago estimated that the economy could get by with just 80,000 new jobs each month; Federal Reserve Chair Janet Yellen stated in December that under 100,000 new jobs per month are needed.⁵ You can see in the chart below that the labor market has produced above those estimates in most months since the beginning of 2014.

How Many New Jobs Does the Economy Need?

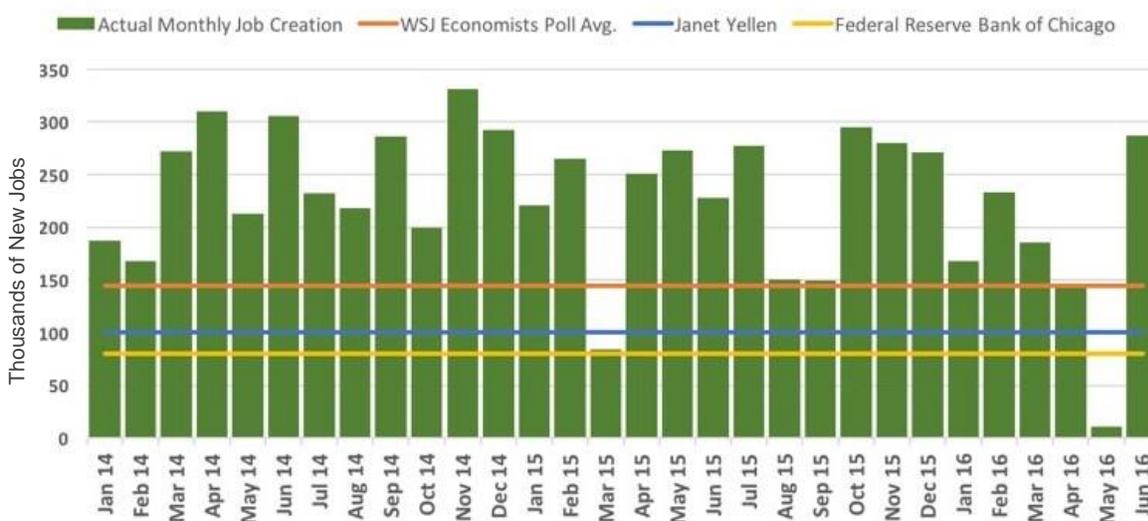


Figure 1 Monthly Increase in Total Nonfarm Payrolls, Seasonally Adjusted Source: BLS, Federal Reserve, Wall Street Journal

Digging a little deeper into the June numbers gives us more positive news. The unemployment rate rose to 4.9%, which is actually a good thing because it rose as a result of more job seekers entering the labor pool. The Federal Reserve estimates that long-run unemployment in a healthy economy should average between 4.7% and 5.0%.⁶

Even better, average hourly earnings rose 2.6% over June 2015, indicating that the labor market is tightening and employers are raising wages to compensate.⁷ Since economists had been worrying about the stagnant pace of wage growth, the June data is encouraging.

Our View

After June's strong job report, investors are feeling pretty good about the U.S. economy; however, it's important not to let your perspective be swayed too much by a single data point. While a healthy labor market supports continued economic growth and market upside, we expect additional volatility in the weeks to come. We still face a turbulent presidential election, corporate earnings season, Britain's EU exit, and other market headwinds. Enjoy the rally, but stay focused on your long-term goals and don't be surprised if markets pull back again.

ECONOMIC CALENDAR:

Tuesday: JOLTS

Wednesday: Import and Export Prices, EIA Petroleum Status Report, Beige Book, Treasury Budget

Thursday: Jobless Claims, PPI-FD

Friday: Consumer Price Index, Retail Sales, Empire State Manufacturing Survey, Industrial Production, Business Inventories, Consumer Sentiment

Data as of 7/8/2016	1-Week	Since 1/1/16	1-Year	5-Year	10-Year
Standard & Poor's 500	1.28%	4.21%	4.07%	11.70%	6.83%
DOW	1.10%	4.14%	3.60%	8.67%	6.36%
NASDAQ	1.94%	-1.01%	0.96%	14.66%	13.27%
U.S. Corporate Bond Index	1.08%	8.85%	8.28%	6.03%	8.20%
International	-1.76%	-7.24%	-11.14%	-1.39%	-1.38%
Data as of 7/8/2016	1 mo.	6 mo.	1 yr.	5 yr.	10 yr.
Treasury Yields (CMT)	0.26%	0.36%	0.48%	0.95%	1.37%

Notes: All index returns exclude reinvested dividends, and the 5-year and 10-year returns are annualized. Sources: Yahoo! Finance, S&P Dow Jones Indices and Treasury.gov. International performance is represented by the MSCI EAFE Index. Corporate bond performance is represented by the SPUSCIG. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

HEADLINES:

Factory orders shrink. New orders for manufactured goods fell in May, but unfilled orders and falling business inventories hold promise for future demand.⁸

China's inflation drops. Last month, a measure of consumer inflation in China grew at its slowest pace since January on persistently weak demand. More government stimulus is likely to prop up the ailing economy.⁹

Weekly jobless claims fall. The number of Americans claiming new unemployment benefits fell by 16,000 last week, adding more evidence that the labor market is on solid ground after May's miss.¹⁰

Service sector expands to seven-month high. An indicator measure service sector activity—a component of the economy that accounts for 80% of economic growth—rose in June, suggesting continued strength.¹¹



“Winning isn’t everything, but wanting to win is.”

–Vince Lombardi

Summer Vegetable Linguine



Take advantage of fresh summer produce with this simple pasta.

Serves 4

Ingredients:

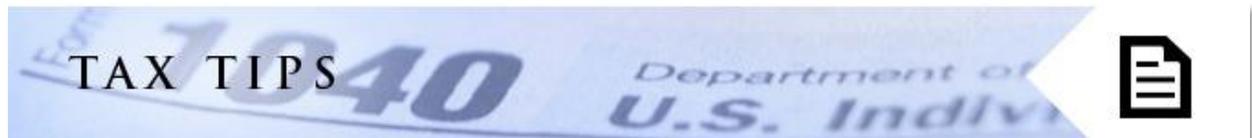
3/4 pounds linguine pasta
1/2 cup walnuts, chopped
3 tablespoons extra virgin olive oil
2 cups fresh or frozen corn (about 2 ears)
2 cloves garlic, peeled and sliced thinly
Kosher salt and black pepper
2 pints ripe cherry or grape tomatoes, halved
2 small zucchini (about 1 pound), cut into thin ribbons with a peeler
2 tablespoons fresh oregano leaves, minced
4 ounces goat cheese, crumbled

Directions:

1. Preheat the oven to 350° F.
2. Boil the pasta in salted water according to the directions on the back of the package, drain and return to the pot off the heat. Reserve 3/4 cup of the water for later.
3. Toast chopped walnuts on a baking sheet for about 8-10 minutes or until fragrant. Watch them carefully to prevent burning.

4. Heat olive oil in a large, heavy-bottomed skillet. Add the garlic, corn, one pinch salt, and one pinch black pepper. Cook, stirring occasionally, just until the corn is tender.
5. Return the pasta pot to medium heat. Add the cooked corn, fresh tomatoes, zucchini, and 1/2 cup of the pasta water. Cook, tossing the ingredients for several minutes, until the sauce coats the pasta. Add more cooking liquid if needed to thin the mixture.
6. Divide the pasta between four plates and serve topped with oregano, toasted walnuts, and goat cheese.

Recipe adapted from Charlyne Mattox | RealSimple.com¹²



Tax Tips for Military Families

If you or someone in your family is a member of the armed forces, you may be eligible for some important tax benefits. According to the IRS, military families may benefit from:

- Filing deadline extensions if you served in a combat zone or meet other requirements.
- Combat pay exclusions. Some forms of combat pay are not subject to income taxes.
- Expense deductions for moving, transitioning to civilian life, and traveling as a reservist.
- Free tax help on military bases.

For more information about filing taxes as a member of the armed forces, consult a tax professional in your area or refer to refer to Publication 3, “Armed Forces’ Tax Guide.”

Tip courtesy of IRS.gov¹³



Quit Topping the Ball

“Topping the ball,” or making contact with the top hemisphere of the ball, can rob your stroke of power and cause weak, unpredictable shots. Trying to lift or scoop the ball at impact often causes the problem. If you’re struggling with this issue, practice “Breaking the Tee” with the following drill:

Set a tee deeply in the ground so that the top sits just above the ground. Set up to the ball normally and try to swing so that you snap the tee out of the ground. To do this successfully, you’ll need to shift your weight forward and hit with a downward blow. After

you've successfully broken the tee and sent it flying a few times, practice the same drill with a golf ball on the tee. Hopefully, you'll see increased power and accuracy in your shots.

Tip courtesy of Barry Goldstein, PGA | Golf Tips Mag¹⁴



Reduce Signs of Aging with Sunscreen

We all know that using sunscreen at the beach is important for protecting against the risk of skin cancer. However, did you know that daily use can also reduce the impact of aging on your skin? A 2013 Australian study found that participants who used a broad-spectrum sunscreen daily had 24% less signs of skin aging (wrinkling, coarse skin, and age spots) than those who used one only occasionally. If you'd like to add sunscreen to your daily regimen, find one that protects against both UVA and UVB rays and is rated between SPF 30 and SPF 50.

Tip courtesy of AARP¹⁵



Make Your Freezer More Efficient

Freezers can be big energy hogs, and making them run more efficiently can save on your energy bills as well as reduce your household's environmental footprint. Here's how:

- If you have a mostly empty freezer, fill a few bottles with water and put them in your freezer to keep it from working as hard to cool the empty space. You can use them as ice packs in your cooler.
- Check the door seals for built-up ice or debris that can keep the door from sealing properly.
- Label and date your containers so you can get in and get out quickly without losing a lot of cold air. (It'll also help you keep tabs on your leftovers.)
- Use a cheap outdoor thermometer to check the temperature inside the freezer. Aim for keeping it at or below 0°F.
- Get rid of that old chest freezer or refrigerator in the garage if you're not filling it consistently. It can cost hundreds of dollars a year to run.

Tip courtesy of California Consumer Energy Center¹⁶

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International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The DJIA was invented by Charles Dow back in 1896.

The Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of stocks of technology companies and growth companies.

The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) that serves as a benchmark of the performance in major international equity markets as represented by 21 major MSCI indices from Europe, Australia and Southeast Asia.

The S&P U.S. Investment Grade Corporate Bond Index contains U.S.- and foreign-issued investment-grade corporate bonds denominated in U.S. dollars.

The SPUSCIG launched on April 09, 2013. All information for an index prior to its Launch Date is back-tested, based on the methodology that was in effect on the Launch Date. Back-tested performance, which is hypothetical and not actual performance, is subject to inherent limitations because it reflects application of an Index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, back-tested returns.

The S&P/Case-Shiller Home Price Indices are the leading measures of U.S. residential real estate prices, tracking changes in the value of residential real estate. The index is made up of measures of real estate prices in 20 cities and weighted to produce the index.

The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

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Past performance does not guarantee future results.

You cannot invest directly in an index.

Consult your financial professional before making any investment decision.

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¹ <http://finance.yahoo.com/q/hp?s=%5EGSPC&a=06&b=1&c=2016&d=06&e=8&f=2016&g=d>

<http://finance.yahoo.com/q/hp?a=06&b=1&c=2016&d=06&e=8&f=2016&g=d&s=%5EDJI%2C+&q=1>

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² <http://www.cnbc.com/2016/07/08/the-sp-got-very-very-very-close-to-making-records-on-friday.html>

³ <http://www.bls.gov/news.release/empst.nr0.htm>

<http://www.wsj.com/articles/global-stocks-steady-ahead-of-jobs-report-1467964140>

⁴ <http://blogs.wsj.com/economics/2016/04/07/the-new-magic-number-for-monthly-job-growth-145000/>

⁵ <http://blogs.wsj.com/economics/2016/04/07/the-new-magic-number-for-monthly-job-growth-145000/>

⁶ <http://blogs.wsj.com/briefly/2016/07/08/june-jobs-report-the-numbers-2/>

⁷ <http://www.bls.gov/news.release/empst.nr0.htm>

⁸ <http://www.foxbusiness.com/markets/2016/07/05/factory-orders-fall-but-unfilled-orders-increase.html>

⁹ <http://www.cnbc.com/2016/07/10/china-june-inflation-eases-further-more-policy-stimulus-anticipated.html>

¹⁰ <http://www.foxbusiness.com/markets/2016/07/07/weekly-jobless-claims-fell-by-16000.html>

¹¹ <http://www.foxbusiness.com/markets/2016/07/06/u-s-service-sector-growth-expanded-in-june.html>

<http://www.wsj.com/articles/u-s-service-sector-gains-in-march-1459865563>

¹² <http://www.realsimple.com/food-recipes/browse-all-recipes/linguine-vegetables-goat-cheese>

¹³ <http://www.irs.gov/uac/Newsroom/Special-Tax-Benefits-for-Members-of-the-Armed-Forces>

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¹⁴ <http://www.golftipsmag.com/instruction/iron-play/quick-tips/get-over-the-tops.html#.U8rZa41dVsl>

¹⁵ <http://www.aarp.org/health/healthy-living/info-2014/how-to-choose-the-best-sunscreen.html>

¹⁶ <http://www.consumerenergycenter.org/residential/appliances/refrigerators.html>