HBK Wealth Management
Haire Bohmer Kilcoyne

WEEKLY MARKET COMMENTARY

A Candid Look into the Current State of the Markets

April 2015

Our roads to success may have twists and turns and ups and downs; together we can navigate a course and enjoy the scenery along the way.

David Haire
HBK Wealth Management
President
9075 Centre Pointe Dr.
Suite 100
West Chester, OH 45069
513-942-9700
Fax: 513-942-9701
d.haire@hbkwealthmanagement.com
www.hbkwealthmanagement.com

In This Issue

Weekly Market Commentary | Week of April 20, 2015

KEY TAKEAWAYS

- The Russell 2000 Index hit a fresh all-time high last week (on tax day, April 15, 2015) and has outpaced large caps by 205 basis points (2.05%) year to date.
- Although valuations are on the high side, the factors that have driven recent small cap strength, in our view, remain largely intact.
- Small cap technicals appear bullish, with positive relative strength and an upward sloping 40-week moving average.

SIZING UP SMALL CAPS

Small caps have had a very strong start to 2015. The small cap Russell 2000 Index hit a fresh all-time high last week (on tax day, April 15, 2015) and has outpaced large caps by 205 basis points (2.05%) year to date. This year's strength follows a strong fourth quarter rally when the Russell 2000 Index rose 9%, outpacing the large cap Russell 1000 Index by 5 percentage points [Figure 1]. Here we look at the drivers of this strength and discuss our small cap outlook.

Small cap stocks may be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small cap market may adversely affect the value of these investments.

1 A VERY GOOD SIX MONTHS FOR SMALL CAPS

Source: LPL Research, FactSet 04/17/15

Note: Relative performance is defined as the Russell 2000 Index level divided by the Russell 1000 Index level.

All indexes are unmanaged and cannot be invested into directly.

Past performance is not indicative of future results.

DRIVERS OF RECENT STRENGTH

After material underperformance throughout much of 2014, since October 2014, small caps have staged a solid comeback. We attribute the rebound to a number of factors:

Equity market sensitivity (beta). In general, when the broad stock market rises, small cap stocks tend to capture a larger share of those gains than large caps. Since September 30, 2014, which roughly marks the start of the reversal in small cap performance, the all cap Russell 3000 Index is up 7%, the Russell 2000 Index is up 13.8%, and the large cap Russell 1000 Index is up just 6%.

Improved performance of cyclical stocks. The Russell 2000 Index includes a 77% weighting in cyclical sectors (consumer discretionary, energy, industrials, materials, technology, and financials), compared with 71% for the Russell 1000 Index [Figure 2]. Accordingly, when cyclical sectors outperform defensives, which tends to correspond to a rising broad stock market, small cap's relative performance has historically been better.

2 **SMALL CAPS HAVE MORE CYCLICAL SECTOR MAKEUP THAN LARGE CAPS**

Sorted by Difference Between Russell 2000 Weight Minus Russell 1000 Weight

Sector	Russell 2000 Weight %	Russell 1000 Weight %	Difference
Financials	23.4	16.9	6.5
Industrials	13.4	11.0	2.4
Healthcare	16.1	14.5	1.6
Materials	4.4	3.6	0.8
Consumer Discretionary	13.8	13.0	0.8
Utilities	3.5	3.0	0.5
Information Technology	17.9	19.0	-1.2
Telecommunication Services	0.7	2.1	-1.4
Energy	3.8	7.9	-4.2
Consumer Staples	3.1	8.9	-5.8
Total Cylical Sector Weighting	77	71	
Total Defensive Sector Weighting	23	29	

Source: LPL Research, FactSet 04/17/15

Strong U.S. dollar. Small cap companies tend to earn less of their revenue overseas in foreign currencies; as a result, the strong dollar is less of a drag on small cap profits than large cap. The U.S. Dollar Index (based on the DXY Index, representing a basket of foreign currencies) is up 8% year to date (through April 17, 2015) following last year's 13% gain. We estimate that the Russell 2000 Index may generate about 20-25% of revenue overseas, compared with 35-40% for the large cap Russell 1000 Index.

Smaller energy drag. Less exposure to energy has been a boon for small cap relative performance in recent months, although this factor has begun to reverse in recent weeks. As shown in Figure 2, the energy sector composes just 3.8% of the Russell 2000 Index, compared with more than double that (7.9%) for the large cap Russell 1000 Index. During the fourth quarter of 2014 and first quarter of 2015 combined, the S&P 500 Energy Index underperformed the S&P 500 Index by more than 17 percentage points. Since March 31, 2015, the energy sector has outperformed the S&P 500 Index by about 100 basis points (1%).

Improving credit markets. Small cap companies tend to require more access to credit markets to fund their businesses, compared with large cap companies with their typically stronger balance sheets. Accordingly, when credit markets are healthy or improving, small cap stocks have performed well. Improving credit market environments also tend to correspond with rising equity markets, which also favor small caps as discussed above. Easing fears of a wave of energy company defaults have led to improved performance of investment grade and high-yield bonds since mid-December 2014.

Merger and acquisition activity. Small (and mid) cap stocks have performed better during healthy merger and acquisition environments. Many mergers involve large cap companies acquiring smaller companies at premiums, something we've seen a lot of recently in the pharmaceutical and biotech areas. During the 12 months ending March 31, 2015, the total number of acquisitions increased by 19%, compared with the 12-month period ending March 31, 2014, according to FactSet. The dollar value increase in mergers over this period is a much larger 48%.

SOME CONCERNS

We expect 2015 to mark the beginning of a transition to large cap leadership as the economic expansion moves into its latter stages, as noted in our *Portfolio Compass* publication. With the bull market in its seventh year (third longest since World War II) and the economic expansion about to hit its sixth birthday, we believe the midpoint of the cycle has passed. As 2016 approaches, it is reasonable to assume the cycle will be in its latter third. As a result, we may potentially become more cautious on small caps as this year progresses.

Our other primary concern is valuations. Figure 3 shows that on a forward price-to-earnings ratio (PE) basis, the Russell 2000 Index is trading at a 40% premium to the Russell 1000 Index. Add in that large cap PE ratios are above their long-term averages and small cap stock valuations are on the high side. The Russell 2000 Index is, however, expected to deliver faster earnings growth than the large cap indexes in 2015 based on FactSet consensus estimates.

3 SMALL CAP RELATIVE VALUATIONS AT HIGH END OF HISTORICAL RANGE

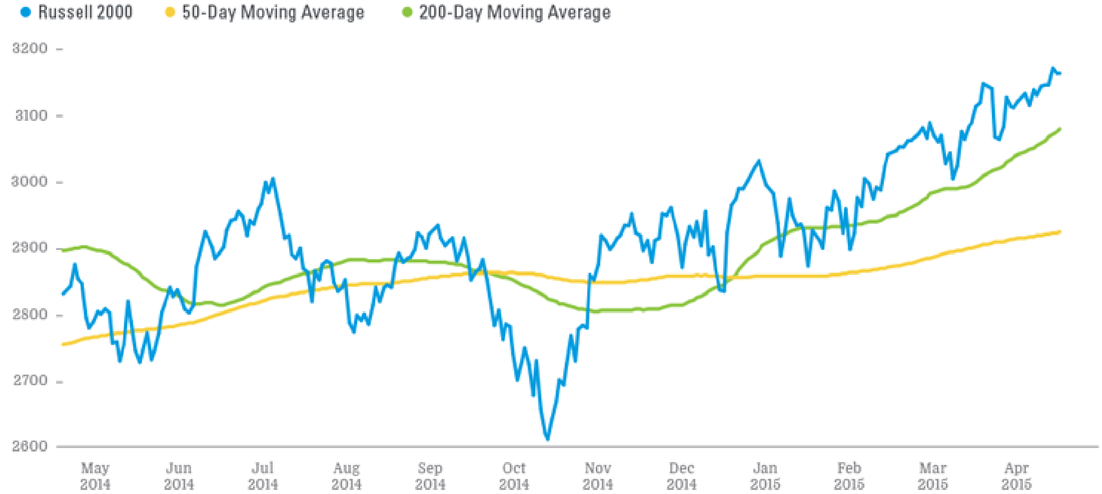
Source: LPL Research, Bloomberg 04/17/15
All indexes are unmanaged and cannot be invested into directly. Past performance is not indicative of future results.

Forward price-to-earnings is a measure of the price-to-earnings ratio (PE) using forecasted earnings for the PE calculation. While the earnings used are just an estimate and are not as reliable as current earnings data, there is still benefit in estimated PE analysis. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period.

SMALL CAP TECHNICALS APPEAR BULLISH

Small caps appear bullish from a technical analysis perspective. Relative strength is in a solid uptrend, as shown in Figure 1. And the Russell 2000 Index absolute chart [Figure 4] is showing a weekly bullish trend, as exhibited by a positively sloping 40-week simple moving average (SMA). As long as the Russell 2000 Index price remains above its 40-week SMA, then we believe the moving average should remain positively sloping, which supports a long-term bullish price trend.

4 SMALL CAPS ARE IN SOLID BULLISH UPTREND



Source: LPL Research, FactSet 04/17/15

Indexes are unmanaged and cannot be invested in directly.

Past performance is not indicative of future results.

A simple moving average is calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods. Short-term averages respond quickly to changes in the price of the underlying, while long-term averages are slow to react.

CONCLUSION

Small caps have had a nice run since last fall that may continue. Although valuations are on the high side, the economic cycle is in its latter stages, and we may be due for more market volatility, we expect a continuation of recent trends that have helped small caps: a (gradually) rising broad stock market, cyclical sector outperformance, a strong U.S. dollar, a favorable credit market environment, and healthy merger activity.

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential liquidity of the investment in a falling market.

All investing involves risk including loss of principal.

INDEX DESCRIPTIONS

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Russell 1000 Index measures the performance of the large cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.

The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

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

Weekly Economic Commentary | Week of April 20, 2015

KEY TAKEAWAYS

- The latest Beige Book suggests that the U.S. economy is still growing at a pace that is at or above its long-term trend, and that some upward pressure on wages is beginning to emerge.
- Optimism regarding the economic outlook far outweighed pessimism throughout the Beige Book as it has for the past two years.
- In April 2015, our BBB ticked down to +47 from +82 in March 2015 and +73 in January 2015; we believe recent weakness is transitory.

BEIGE BOOK: WINDOW ON MAIN STREET

BEIGE BOOK SUGGESTS CONTINUED MODEST ECONOMIC GROWTH

The latest Beige Book suggests that the U.S. economy is still growing at a pace that is at or above its long-term trend, and that some upward pressure on wages is beginning to emerge despite headwinds that included the rising U.S. dollar, the West Coast port strikes, and the weather. Overall, the Beige Book described the economy as expanding at a "modest or moderate" pace in most districts. In general, optimism regarding the economic outlook far outweighed pessimism throughout the Beige Book, as it has for the past two years or so.

The Beige Book is a qualitative assessment of the U.S. economy and each of the 12 Federal Reserve (Fed) districts. We believe the Beige Book is best interpreted quantitatively by measuring how the descriptors change over time. The latest edition of the Fed's Beige Book was released Wednesday, April 15, 2015, ahead of the April 28-29, 2015, Federal Open Market Committee (FOMC) meeting. The qualitative inputs for the April 2015 Beige Book were collected from late February 2015 through April 3, 2015; thus, they captured a period of:

- Increasing market concern around Greece
- A run of weaker than expected reports on the U.S. economy for February and March 2015
- Rising U.S. dollar
- Supply chain disruptions due to work stoppages and strikes at West Coast ports
- Some stability in oil prices
- Improving economic activity in the Eurozone, but renewed weakness in China
- Unusually cold and snowy weather in many parts of the eastern United States early in the period, giving way to more seasonal weather toward the end of the data collection period

SENTIMENT SNAPSHOT

To provide a snapshot of the sentiment behind the entire Beige Book collage of data, we created our proprietary Beige Book Barometer (BBB) [Figure 1]. In April 2015, the barometer ticked down to +47 from +82 in March 2015 and +73 in January 2015. The +47 reading in April 2015 was the lowest reading since late 2012, and the average reading of +67 over the past three Beige Books is the lowest since early 2014. We'll demonstrate below, however, why we believe the recent weakness may be transitory, not the start of a downshift in the economy. For perspective, our Beige Book Barometer averaged just +55 from 2011-13, when economic growth (as measured by inflation-adjusted gross domestic product [GDP]) was just 2.1%.

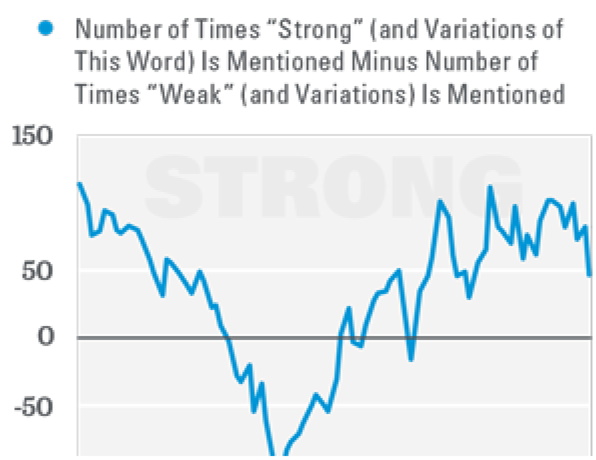
The word "weak" or its variants appeared 44 times in the latest Beige Book (versus 22 in March 2015), and much of the uptick can be attributed to a stronger dollar, the port slowdown, and bad weather. Despite the uptick in the number of weak words (44) in April 2015, the total was still below the long-term average of 50 mentions. This suggests to us that once the temporary impact of the above factors begins to fade, the Beige Book Barometer may rebound, reflecting the economy's solid underlying momentum.

HOW THEY WORK
BEIGE BOOK AND BEIGE BOOK BAROMETER

The **Beige Book** compiles qualitative observations made by community bankers and business owners about economic (labor market, prices, wages, housing, nonresidential construction, tourism, manufacturing) and banking (loan demand, loan quality, lending conditions) conditions in each of the 12 Fed districts (Boston, New York, Philadelphia, Kansas City, etc.). This local color that makes up each Beige Book is compiled by 1 of the 12 regional Federal Reserve districts on a rotating basis — the report is much more "Main Street" than "Wall Street" focused. It provides an excellent window into economic activity around the nation using plain, everyday language. The report is prepared eight times per year, ahead of each of the eight Federal Open Market Committee (FOMC) meetings. The next FOMC meeting is April 28 – 29, 2015.

The **Beige Book Barometer** is a diffusion index that measures the number of times the word "strong" or its variations appear in the Beige Book less the number of times the word "weak" or its variations appear. When the Beige Book Barometer is declining, it suggests that the economy is deteriorating. When the Beige Book Barometer is rising, it suggests that the economy is improving.

1 **WEATHER, PORT STRIKE, STRONG DOLLAR WEIGHED ON THE BAROMETER IN APRIL**

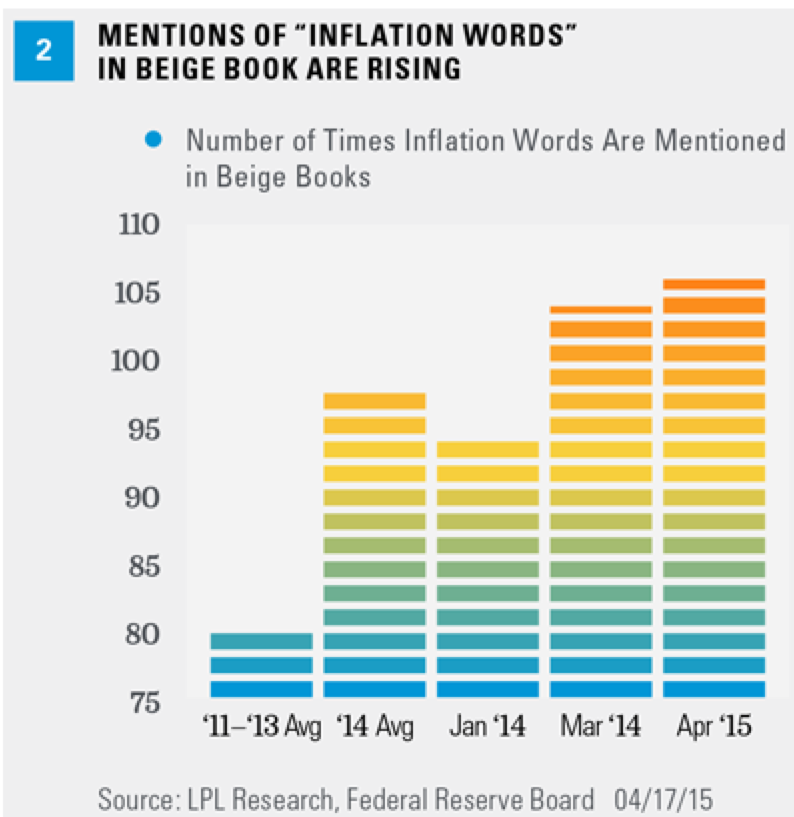


WATCHING WAGES & INFLATION

As it has over the past year, the April 2015 Beige Book noted that employers were having a difficult time finding qualified workers for certain skilled positions, and some reported upward wage pressures for particular industries and occupations. The comment this time was a bit more emphatic, noting that "difficulty finding skilled workers was frequently reported." In the past, these characterizations of labor markets have been a precursor to more prevalent economy-wide wage increases. Indeed, for the first time in this business cycle, the latest four Beige Books (December 2014, January 2015, March 2015, and April 2015) contained several mentions of employers having difficulty attracting and retaining low-skilled workers, and retaining and compensating key workers.

If this trend persists over the next few Beige Books, history suggests it may not be long until Fed policymakers begin to take note of a faster pace of wage inflation in their monetary policy deliberations. Indeed, the minutes of the March 17-18 FOMC meeting (released in early April 2015) noted that just 1 of the 17 participants in the meeting saw evidence of rising wage inflation, while "almost all" of the 17 participants expressed concern about weakness in overseas economies.

Figure 2 shows the recent trend in the number of "inflation words" in the Beige Book. We counted up the number of times the words "wage," "skilled," shortage," "widespread," and "rising" appeared in recent editions of the Beige Book. In April 2015, these words appeared 106 times, up from 104 in March 2015 and 94 in January 2015. In all of 2014--when deflation, not inflation, was a concern--those words appeared, on average, 98 times per Beige Book. During 2011-13, also a period when heightened risk of deflation was evident, the "inflation words" appeared, on average, 80 times per Beige Book. We'll continue to monitor this closely, as the FOMC has told markets that it will begin raising rates when it is "reasonably confident" that inflation will move back toward 2.0%.



COMMENTS ON OIL & ENERGY STILL ELEVATED, BUT DOWN FROM LATE 2014 LEVELS

Oil and energy got a combined 46 mentions in the April 2015 Beige Book, below the 50 and 73 mentions in the March and January 2015 Beige Books, but right at the 44-45 mentions per Beige Book in 2014 and in 2011-13

[Figure 3]. This may suggest that the capital spending cuts, rig count reductions, and job cuts in the oil and gas sector in late 2014 may be fading as a drag on economic activity. The comments on the energy sector in the April 2015 Beige Book included:

- "While producers are optimistic about continued production growth in oil and gas, layoffs are occurring in the industry as well as in coal."
- "The number of active drilling rigs fell in Cleveland, Minneapolis, Kansas City, and Dallas."
- "Active drilling rigs in North Dakota and Montana reached their lowest levels in five years."
- "However, despite the decline in permits and new investment, overall production in the oil and gas sector remains strong to increasing."
- "Oil and gas producers in the Cleveland, Atlanta, and Dallas Districts anticipate cuts in 2015 capital expenditures."
- "Layoffs were reported in the Cleveland, Atlanta, and Kansas City Districts."

However, the latest Beige Book was also full of comments about how lower fuel and energy prices were benefiting multiple industries throughout all 12 Fed districts. In short, the comments in the latest Beige Book on the impact of falling oil prices are consistent with our view that while falling oil prices will be a net plus for the U.S. economy as a whole, economies in certain states could see significant impacts from the slowdown in drilling activity that is likely to occur over the next year or so. (Please see our *Weekly Economic Commentary,* "Drilling into the Labor Market," from January 12, 2015, for more details.)

3 MENTIONS OF BAD WEATHER INCREASE AS OIL IMPACT FADES A BIT

	Uncertainty*	ACA/ Healthcare	Energy/ Oil	Weather
Apr '15	12	11	46	71
Mar '15	6	14	50	36
Jan '15	13	7	73	11
'14 Avg	12	13	44	80+ (Winter '13–'14)
'11–'13 Avg	31	11	45	14

Source: LPL Research, Federal Reserve Board 04/17/15

*Uncertainty/Confidence/Shutdown/Debt Ceiling/Fiscal

FADING CONCERNS; CURRENT CONCERNS

The uncertainty and lack of confidence around fiscal policy (fiscal cliff, debt ceiling, sequester, government shutdown) that dominated the Beige Book for most of 2013, and throughout 2011 and 2012 as well, is now clearly fading. These words were mentioned just 12 times in the April 2015 Beige Book, just 6 times in March 2015, and 13 times in January 2015, for a 2015 year-to-date average of 10 [Figure 3]. In the 8 Beige Books released in 2014, the words noted above were mentioned a total of 96 times, or around 12 mentions per Beige Book. In contrast, these words were mentioned 31 times, on average, in each of the 24 Beige Books released over the course of 2011-13. However, in some cases the uncertainty surrounding fiscal issues here and in Europe--mainly Greece--has been replaced by uncertainty surrounding the drop in oil prices and what it might signal for global growth.

The Affordable Care Act (ACA), and healthcare in general, remained a consistent source of concern among Beige Book respondents, although the impact has faded a bit recently. The ACA (and healthcare in general) received just 11 mentions in the latest Beige Book, down from 14 in March 2015, but up from 7 mentions in the January 2015 edition. Thus far in 2015 this topic has received an average of 11 mentions per Beige Book, in-line with the number of mentions per Beige Book in 2014. The outcome of the current case before the Supreme Court on the legality of ACA subsidies may lead to a spike in mentions of the ACA/healthcare later this year.

The unusually cold, snowy, and icy weather that descended on much of the eastern part of the country in January and February 2015--and lingered well into March 2015--did not go unnoticed in the latest Beige Book. Indeed, weather was mentioned a whopping 71 times in the April 2015 Beige Book, and almost all the mentions were in a negative context. Weather got 36 mentions in the March 2015 edition, and those too, were mainly in a negative context. Although the cold and snow in the early part of 2015 were debilitating, they did not have as big an impact as the harsh winter weather in early 2014, which affected a wider area of the country. In the first few Beige Books of 2014, weather was mentioned, on average, 80 times per Beige Book.

There is also some evidence in the economic data released for March 2015 over the past few weeks (housing, retail sales, and industrial production) that the cold and snowy weather may have impacted the March data as well, something we pointed out when we last wrote about the Beige Book in late March 2015. With spring in full gear in most of the country, the mentions of weather are likely to all but disappear from the Beige Book due out in early June 2015.

OPTIMISM RULES

Although the weather, the port strike (16 mentions in April 2015 and 18 in March 2015), and the strong dollar (12 mentions in April 2015, 5 in March 2015, 2 in January 2015, and not once in all 8 Beige Books released in 2014) all clearly had an impact on Main Street's view of near-term economic conditions in early 2015, they did little to dampen the optimism on the economy that has picked up strength in the past year or so.

In the April 2015 Beige Book, the word "optimism" (or its related words) appeared 23 times, whereas the word "pessimism" didn't appear at all. Over the first 3 Beige Books of 2015, optimism has appeared on average 23 times per Beige Book, while the word pessimism has appeared a total of just 1 time across all 3 Beige Books in 2015.

As reassuring as it is to see that Main Street can remain optimistic despite the flow of bad news, the large number of optimistic comments in the Beige Book is not the start of a new trend: In the 8 Beige Books released in 2014, the word "optimism" appeared, on average, 30 times in each edition. In 2013, "optimism" appeared, on average, 25 times per Beige Book. Looking back to the worst of the 2007-09 financial crisis and Great Recession, the word "optimism" appeared, on average, just 9 times in the 8 Beige Books released in 2009, whereas the word "pessimism" appeared, on average, 5 times.

Concerns that the economic and market environment we are in today is similar to the period just prior to the onset of the Great Recession and stock market peak in late 2007 also appear to be well overdone, based on this metric. In the 8 Beige Books released in 2007, the word "optimism" appeared, on average, just 10 times per edition--a far cry from the 30 times per edition in the 8 Beige Books released in 2014 [Figure 4].

4 DESPITE DROP IN BAROMETER, OPTIMISM RUNNING HIGH ON MAIN STREET

Mentions per Beige Book in:	Optimism	Pessimism
Apr 2015	23	0
Mar 2015	24	1
Jan 2015	21	0
2014	30	0
2013	25	1
2009	9	5
2007	10	1

Source: LPL Research, Federal Reserve Board 04/17/15

IMPORTANT DISCLOSURES

The economic forecasts set forth in the presentation may not develop as predicted.

All performance referenced is historical and is no guarantee of future results. All indexes are unmanaged and cannot be invested into directly.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

Investing in stocks includes numerous specific risks, including: the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market.

Because of its narrow focus, specialty sector investing, such as in healthcare, financials, or energy, will be subject to greater volatility than investing more broadly across many sectors and companies.

Commodity-linked investments may be more volatile and less liquid than the underlying instruments or measures, and their value may be affected by the performance of the overall commodities baskets, as well as weather, geopolitical events, and regulatory developments.

This research material has been prepared by LPL Financial.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

Not FDIC or NCUA/NCUSIF Insured | No Bank or Credit Union Guarantee | May Lose Value | Not Guaranteed by Any Government Agency | Not a Bank/Credit Union Deposit

Tracking #1- 374659 (Exp. 04/16)

Blood Money: Managing Business Loans Between Relatives

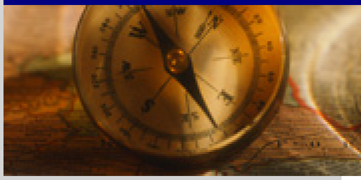
If both parties focus on the rational, business aspects of the deal, there is a greater chance that the personal -- and financial -- relationships involved will emerge intact.

Sometimes a family member is the most obvious source of start-up capital for a new business venture. And despite the potential strain such a transaction could put on family ties, it needn't be a negative experience. If both parties focus on the rational, business aspects of the deal, there is a greater chance that the personal -- and financial -- relationships involved will emerge intact. Here are some tips for both borrowers and lenders to consider.

- **Borrower**: Don't pressure the lender to say "yes."
- **Lender**: If you don't want to lend money, say so directly and then stand your ground.
- **Lender**: Put everything in writing in the form of a legal contract. That way, the borrower will be reminded that the money is a loan -- not a gift.
- **Lender**: Let the contract be your guide when it comes to handling late payments (and assessing late fees).
- **Borrower**: Volunteer full disclosure, including a business plan, financial statements, etc. A family member may feel uncomfortable asking for these documents.
- **Lender**: Apply the same scrutiny to this information as you would to any other financial transaction.
- **Both parties**: Recognize the potential consequences to the family relationship if something goes wrong and the loan goes unpaid.
- **Both parties**: The loan may or may not give the lender a voice in the running of the business. Come to an agreement on that point up front and respect the decision.

To learn more about extending loans or lines of credit to a family member, contact your business banker or a trusted financial advisor.

1-371772



Client Letter, "First Quarter 2015 Economic Review" | April 2015

Dear Valued Investor,

The beginning of April has kicked off the 2015 baseball season, as well as the release of economic data for first quarter 2015. So far this season, games have shown a nearly record low number of runs. While the start of the season may have disappointed fans of the long ball, we have to keep in mind that the season is very young. What happens in April isn't always an indication of how the season will go. Similarly, it may be tempting to look at individual pieces of economic data--many of them affected by weather, the West Coast port strike, and the stronger U.S. dollar--and have concerns about the state of the economy.

We prefer to look at the bigger picture and take a longer-term view. Many of us were discouraged by the March jobs report. However, when we consider other indicators, we are encouraged by the overall health of the economy. For example, initial filings for jobless claims remain near the lows of the ongoing economic expansion. In addition, in the 12 months prior to the weather-impacted March report (ending in February 2015), the U.S. economy had created an average of nearly 275,000 jobs per month, exceeding 200,000 in each of those months--the longest streak in 20 years.

It is also encouraging that the Beige Book, the Federal Reserve's qualitative assessment of economic, business, and banking conditions on Main Street, continues to indicate solid, mid-cycle economic growth. The recent report indicates that the weak economic data in the past few months likely overstated the weakness in the U.S. economy at the start of 2015. That weakness is likely to get plenty of attention in late April, when the initial estimate of first quarter 2015 gross domestic product (GDP) is likely to confirm tepid growth during the quarter.

Looking ahead, it's important to note that some of the factors that depressed economic activity in the first quarter have already reversed. The weather has improved, the port strike has been settled, and the oil and gas industry has made significant progress adjusting to the new lower oil price environment. As a result, like last year's second quarter, which sprang back sharply from a weather-driven decline in first quarter GDP, we may see growth rebound in the current quarter. We are already seeing some encouraging signs; for example, housing starts bounced back in March after a sharp weather-driven decline in February.

Just like even the best hitters have an off night, or even an off week, there will always be some economic reports that are less encouraging than others. In today's 24-hour media world, we have constant access to economic data. It's important not to get distracted by any individual report that might seem discouraging. Instead, we are keeping our eyes on the bigger picture and larger trends.

As always, if you have questions, I encourage you to contact me.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly.

Economic forecasts set forth may not develop as predicted.

This research material has been prepared by LPL Financial.

Securities offered through LPL Financial. Member FINRA/SIPC.

Tracking #1-374703 (Exp. 04/16)