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BUSINESS CONDITIONS MONTHLY

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AIER leading indicators hold steady at 38 amid stable but weak economy.

The AIER Business-Cycle Conditions model shows the Leaders index unchanged at 38 for a second straight month (Table 1). While a reading below 50 reflects significant economic weakness, we believe it remains too early to conclude that a U.S. recession is likely in the next six to 12 months.

With our Leaders index holding below the critical threshold of 50 for the second month in a row, AIER researchers judge the risk of recession to be elevated and have edged closer to calling one. However, a combination of the Leaders not weakening further and some potentially positive signs that aren't reflected in our model justifies maintaining a cautious outlook instead. Also, our model uses data that may be revised in coming months, which could alter the signals from individual indicators. So we believe it is prudent to wait until more information becomes available before asserting that a recession is probable.

Table 1. AIER's index of Leaders held steady at 38 in April.

	April 2016
New orders for consumer goods	Rising
New orders for core capital goods	Falling
Retail sales and food services	Neutral
Consumer Sentiment Index: future expectations	Falling
Heavy truck unit sales	Neutral
New housing permits	Falling
Initial claims for unemployment insurance	Rising
Index of common stock prices	Falling
Average workweek in manufacturing	Neutral
Debit balances in margin accounts at broker/dealers	Falling
Ratio of manufacturing and trade sales to inventories	Falling
10-yr - 1-yr Treasury spread	Rising
number rising	3
number falling	6
number neutral	3
Index value	38

Note: Red indicates a signal change between March and April. Consistent index readings above 50 suggest a low probability of recession over the next six to 12 months. Conversely, a drop below 50 suggests an increased chance of a contraction over the same period.

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, The Conference Board, Census Bureau, Department of Labor, Federal Reserve, Institute for Supply Management, Standard & Poor's, AIER, FactSet.

Positive labor market signs bolster hopes of an economic rebound rather than a recession.

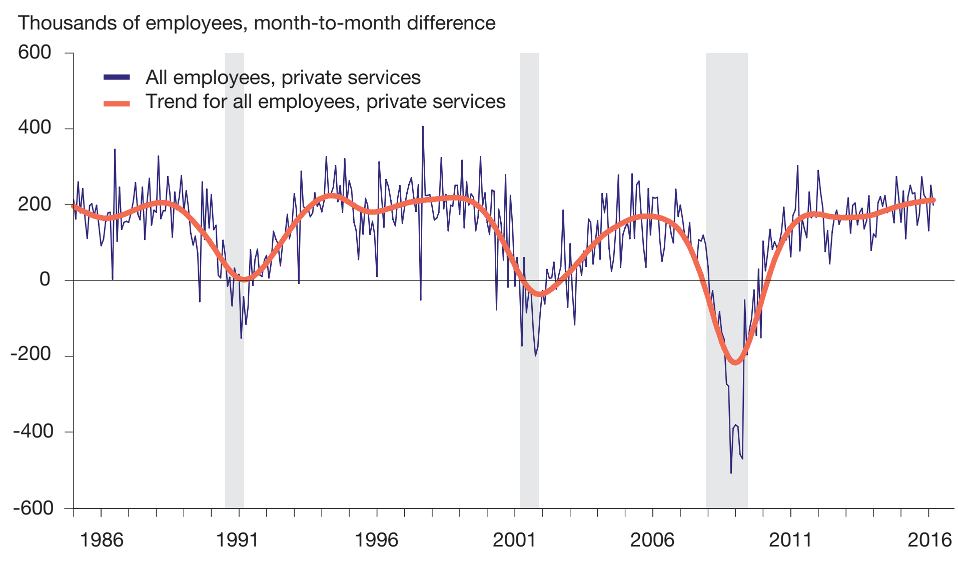
As our Leaders index shows, the economy remains weak and vulnerable. Real gross domestic product, or GDP, growth slowed over the 12 months through March, dropping from a 3.9 percent annualized rate in the second quarter of 2015 to 2 percent in the third, 1.4 percent in the fourth, and just 0.5 percent in this year's first quarter.

Residential investment remained healthy in the latest report from the U.S. Bureau of Economic Analysis, but the growth in consumer spending slowed, while business investment and exports fell. Some of the slowdown by consumers may be attributed to a drop in auto sales from the record-setting 2015 pace. Still, signs of deterioration in the core economy remain a significant concern.

There are alternative ways to measure GDP. One categorizes output as goods, structures, or services. Based on first-quarter data, services make up about 60 percent of the total, final sales of goods make up about 31.6 percent, and structures count for about 7.6 percent, with the remainder reflecting inventory changes. By this method, goods output fell at a 3 percent annual rate in the first quarter, while services rose 1.7 percent and structures climbed 5.4 percent.

Continued gains in services and structures are positive for the outlook. Also, increased employment in private services industries suggests that sector may provide a base of growth and help the overall economy avoid recession. Private services employers added more than 2.5 million new jobs over the past year, while 300,000 were added in construction-related industries. Goods producers shed about 166,000 jobs, mostly in mining industries. Continued strength in the pace of hiring in services industries combined with a low level of layoffs across the economy offer hope that the current expansion may have additional room to run (Chart 1).

Chart 1. Services employment continues to show remarkable resilience in light of slow GDP growth.



Note: Shaded areas denote recessions. Trend for all employees, private services, created with a Hodrick-Prescott filter.
Source: Bureau of Labor Statistics.

ECONOMIC OUTLOOK

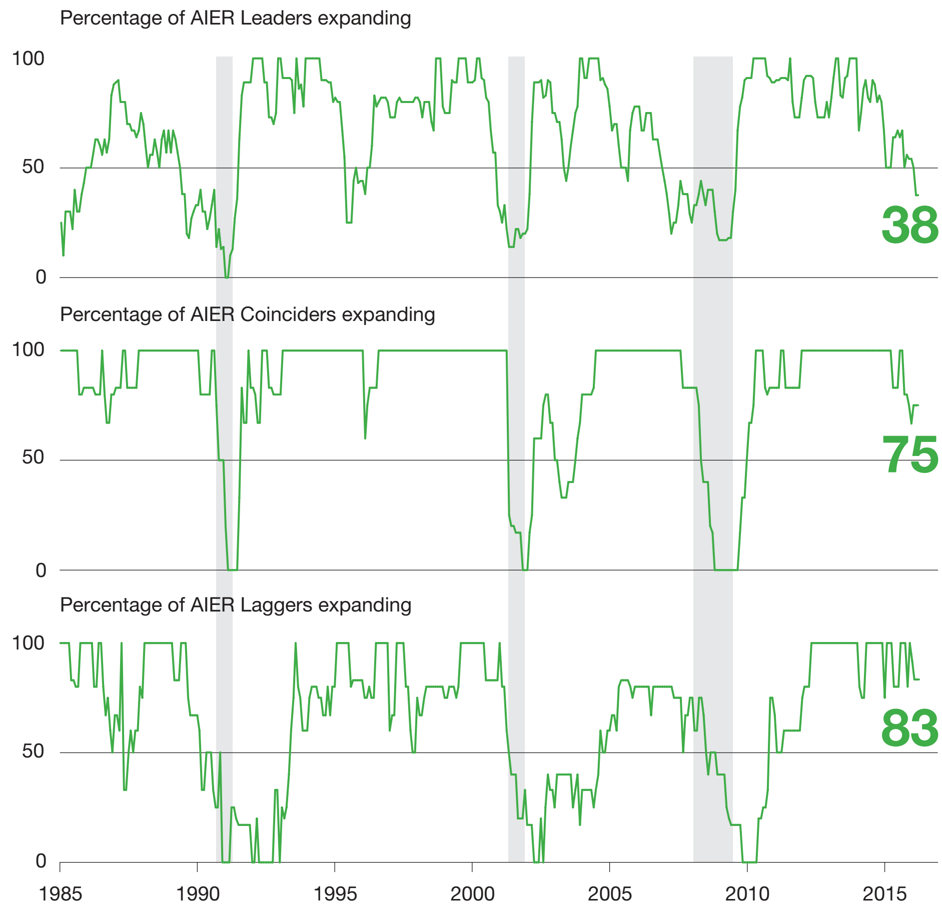
With 38 percent of our leading indicators on an upward trend for the second straight month, our Business-Cycle Conditions model is showing the first back-to-back readings below 50 since January-February 2007. AIER economists believe the latest data suggest that the economy remains at an elevated risk of recession. However, since the index did not decline any further from March to April, that may indicate economic activity is stabilizing.

Our model's underlying data may be revised in coming months. With the Leaders index unchanged, along with the potential for future revisions to the data and some mildly positive data not included in the model, we are not ready to call a recession. We believe that maintaining a heightened degree of caution is more appropriate.

Among the Leaders, three were trending higher: real new orders for consumer goods, initial claims on unemployment insurance, and the difference in yields of Treasury securities that mature in one year and 10 years. Of the remaining indicators, six trended lower and three were neutral.

The percentage of expanding coincident indicators held steady in the latest month, registering 75 percent in March for the fourth month in a row. Among the Coinciders, four were trending higher while one was trending lower and one was neutral. The proportion of lagging indicators expanding held at 83 percent for a third straight month (Chart 2). Among the Laggers, five were trending higher while one was trending lower.

Chart 2. Indicators at a glance
Shaded areas denote recessions.
A score above 50 indicates expansion.



Source: AIER.

SCORECARD

AIER's Inflationary Pressures Scorecard shows little change from the previous month, with continued firm pressure on inflation. Fourteen out of 23 indicators reflect increasing pressure, up from 13 last month. The remaining nine indicators show falling pressure.

Faster job creation and higher wage growth contribute to strengthening demand for goods and services, which puts upward pressure on consumer prices. Supply has caught up with rising demand, however. Industrial production appears to have grown faster in recent months, constraining consumer price increases. Overall, demand and supply are nearly balanced in terms of short-term effects on consumer prices.

Little changed on the money and credit front this month. Higher interest rates curbed price increases. Money supply and money velocity have been growing, which supports higher prices.

Most of the rising inflationary pressures come from increased production costs and falling productivity. Higher production costs are likely to be passed along, eventually pushing up consumer prices.

AIER INFLATIONARY PRESSURES SCORECARD

We track 23 indicators and evaluate their performance over the past three months compared with the prior three months. That is, we compute moving averages of the monthly changes for two consecutive, non-overlapping three-month periods. Finally, we evaluate the inflationary pressure of each indicator through the framework of supply, demand, money/credit, and costs and productivity, and show whether the monthly change points to rising or falling inflationary pressure or stability.

Table 2. **Inflationary pressures are building despite currently low consumer prices.**

	3-MTH. AVERAGE CHANGE Previous	3-MTH. AVERAGE CHANGE Latest	INFLATION PRESSURE
DEMAND AND SUPPLY			
Demand			
Average hourly earnings (March)	1.92%	2.72%	Rising
Nonfarm payroll jobs, in millions (March)	142.87	143.55	Rising
Personal income (March)	3.36%	3.45%	Rising
Retail sales (March)	2.61%	-2.52%	Falling
Supply			
Ind. prod. - consumer goods (March)	-3.52%	1.41%	Falling
Manufacturing utilization (March)	75.40%	75.36%	Falling
Retail inventory/sales ratio (Feb.)	1.38	1.41	Falling
MONEY, BANKING, AND CREDIT			
Fed funds rate (March)	0.28%	0.46%	Falling
Interest on excess reserves (March)	0.29%	0.50%	Falling
Money supply (M2) (March)	5.22%	8.50%	Rising
Money velocity (Feb.)	-0.22%	0.08%	Rising
Revolving consumer credit (Feb.)	7.10%	4.44%	Falling
COSTS AND PRODUCTIVITY			
Producer price index (March 2016)			
Final demand	-0.36%	-0.73%	Falling
- Food	-7.25%	-1.03%	Rising
- Energy	-12.42%	-24.00%	Falling
- Goods less food and energy	-0.72%	0.73%	Rising
- Services	1.09%	1.46%	Rising
Import price index (March 2016)			
Autos	-1.76%	-0.71%	Rising
Consumer goods ex. autos	0.00%	0.75%	Rising
Commodity prices (March 2016)			
S&P GSCI Commodity Index	-43.42%	15.98%	Rising
Wages and productivity			
Private compensation (Q1–2016)	5.96%	7.98%	Rising
Nonfarm business productivity (Q4–2015)	2.00%	-2.20%	Rising
Nonfarm business unit labor costs (Q4–2015)	0.40%	3.30%	Rising

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, Federal Reserve Board, Standard & Poor's, AIER (FactSet).

CONSUMER PRICE INDEX ANALYSIS

Prices measured by the Consumer Price Index showed weaker-than-expected growth in March. While the CPI rose 0.1 percent from February, the fastest monthly gain since December, the increase was below economists' expectations.

Energy was a major contributor to the CPI growth. After falling for three straight months, energy prices bounced back for a 0.9 percent gain in March, the biggest monthly rise since May of last year. In April, crude-oil prices continued to advance. By the end of April, the benchmark price, West Texas Intermediate crude, had climbed to about $43 a barrel from an average $38 in March. Energy will likely drive consumer prices up in April.

The lower-than-expected growth for March mainly came from declines in food and apparel. Food prices fell 0.2 percent, a fairly big but not striking monthly drop. Food prices are volatile, rising and falling abruptly. Lower apparel prices in March were more surprising. They jumped 1.6 percent in February, their biggest monthly gain in seven years, then tumbled 1.1 percent in March. So it is hard to predict where the data will show apparel prices headed in April.

Prices for services also grew at weaker-then-usual rates. Core services rose 0.18 percent, the slowest monthly gain since August. The slowdown could have resulted from greater supply growth and lower consumer demand. But those factors can easily change in the short term.

It's worth noting that a strong growth trend in the core CPI, which excludes volatile food and energy prices, continued. Core CPI rose at a 2.6 percent annual rate over the previous three months and at 2.2 percent over 12 months. With a steadily improving labor market and positive consumer sentiment, prices are likely to continue advancing at about the current rate.

Table 3. Consumer prices rose less than expected in March, except for energy.

Data for March 2016	Share	m/m%	3-mo.*	12-mo.*	5-yr.*	20-yr.*
Consumer Price Index	**100.0**	**0.1**	**-0.2**	**0.9**	**1.3**	**2.1**
Food	13.9	-0.2	-0.1	0.8	1.9	2.5
Energy	6.6	0.9	-27.4	-12.4	-5.7	2.5
CPI excl. food and energy	79.5	0.1	2.6	2.2	1.9	2.0
Goods excl. food and energy	**19.7**	**-0.2**	**1.3**	**-0.3**	**0.2**	**0.2**
Apparel	3.2	-1.1	4.3	-0.6	1.0	-0.3
New vehicles	3.8	0.0	2.0	0.4	1.0	0.2
Medical-care commodities	1.8	0.3	5.3	2.4	2.4	2.8
Services excl. energy	**59.7**	**0.2**	**3.1**	**3.0**	**2.5**	**2.8**
Shelter	33.3	0.2	3.1	3.2	2.6	2.6
Medical-care services	6.6	0.1	4.3	3.6	3.1	3.8
Transportation services	15.1	0.2	3.5	2.8	2.1	2.6
Education	3.0	0.1	2.1	3.2	3.6	5.0
AIER'S EPI	**34.7**	**0.9**	**0.4**	**-1.5**	**0.0**	**2.5**

Notes: *= annualized rate. AIER's EPI share is the share of the CPI.
Sources: Bureau of Labor Statistics, AIER (Haver Analytics, FactSet).

Everyday Price Index

AIER's Everyday Price Index increased 0.9 percent in March from February but fell 1.5 percent over 12 months. The gauge measures the change in the costs of common, everyday purchases such as groceries, gasoline, and admissions.

On a seasonally-unadjusted basis, the more widely-known Consumer Price Index from the federal Bureau of Labor Statistics increased 0.4 percent in March and 0.9 percent over 12 months. Since the EPI is not seasonally adjusted, we compare it with the unadjusted CPI.

Energy prices included in the EPI stabilized in March. While gasoline jumped 10.1 percent after dropping for eight consecutive months, gas utilities dropped 0.7 percent, and electricity prices were unchanged. Because the EPI covers about 35 percent of common consumer expenditures, energy price declines have a larger effect on it than they do on the CPI.

Personal-care services inched up 0.2 percent in March and have increased 3.1 percent over the past 12 months, above a five-year average increase of 1.8 percent. Prescription drug prices rose 0.4 percent in March, and restaurant meal prices gained 0.2 percent. Cable television services cost 1.4 percent more while internet services climbed 0.8 percent.

https://www.aier.org/epi

MONETARY

Interest rates remain unchanged, but future hikes are possible.

Following its April policy meeting, the Federal Reserve left unchanged the key target range for the federal funds rate, in line with the public's expectations. But several factors indicate that future rate hikes are possible.

Global risks, which have been an area of concern for the Fed, were not mentioned in its statement after the meeting. Energy prices are no longer dropping and restraining gains in consumer prices. The labor market shows steady improvement. All of these factors support a more contractionary monetary policy. Since most of the participants in the Federal Open Market Committee's March meeting said that two or more increases of 0.25 percentage-point were appropriate this year, a hike in June and possibly another one in September or December remain probable. This, of course, is contingent on what the data indicate about economic performance over the course of the year. The Fed has repeatedly said that its decisions are data-driven.

FISCAL

Tax filing statistics give a sense of income distribution and tax burdens.

By now most people have filed their income tax returns and know what they paid. Do you ever wonder how your taxes and income compare with those of other taxpayers?

This filing season, similarly to last year, about 71 percent of tax returns were eligible for a refund. The average refund was about $2,700, and total refunds were $263 billion.

Tax returns provide a look at the distribution of income and taxes. Data for 2015 are not yet available, but since these trends are fairly stable, 2014 statistics provide a good guide.

In 2014, the average adjusted gross income, or AGI, reported on individual tax returns was about $65,000. This is likely different from the average U.S. household income because not everyone is required to file a tax return. About 1.7 percent of all tax returns listed zero income or a net loss.

More than 60 percent of 2014 returns reported adjusted gross income of $50,000 or less and accounted for 18 percent of all income. But these filers paid less than 6 percent of all income taxes (see Chart 3).

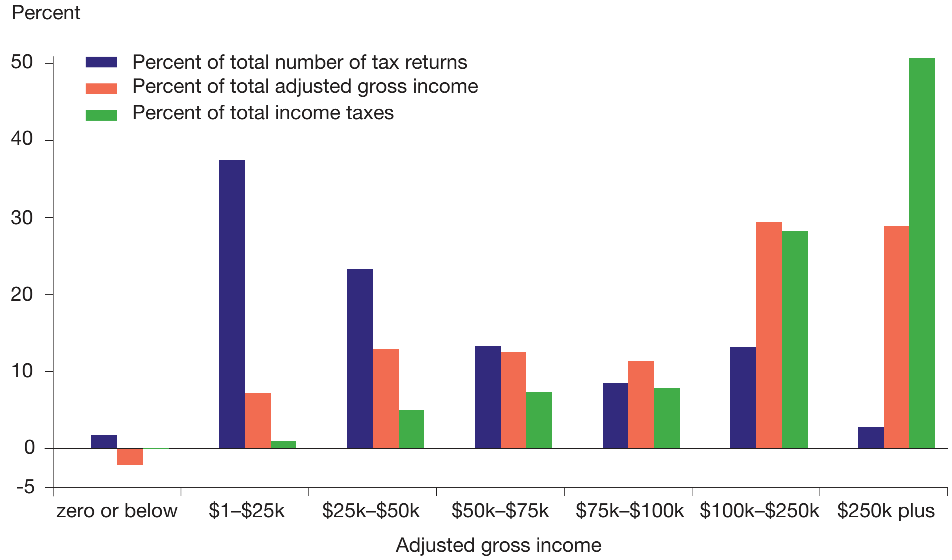
Over 97 percent of tax returns reported adjusted gross income of $250,000 or less. Collectively, these filers accounted for about 70 percent of all income but just half of all income taxes paid. People who made $1 million or more paid about a quarter of all taxes.

The average tax rate across all income groups was 13.9 percent in 2014, but it varied considerably with income (see Chart 4). The average rate for those with incomes of less than $100,000 was below 10 percent. The average tax rate rose steeply for higher incomes, reaching about 28 percent for those reporting an AGI of $1 million to $5 million. The average tax rate of those who earned the most ($5 million or more) was slightly lower, at about 26 percent, mainly because much of their income came from capital gains, which tend to be taxed at lower rates than other forms of income.

It is striking that less that 3 percent of all tax returns (about 4 million reporting an adjusted gross income above $250,000) accounted for half of all taxes paid. It might explain how there can be both a concern about income inequality (that 3 percent of tax filers accounted for about 30 percent of all income) and a perception of inequitable tax burdens.

Chart 3. Distribution of income and taxes (tax year 2014)

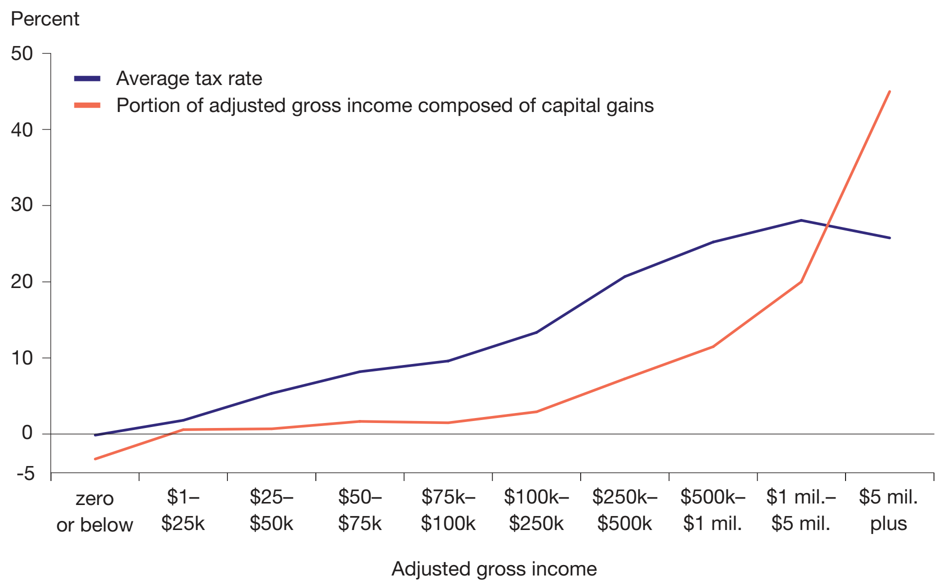
Less than 3 percent of all returns report an adjusted gross income of more than $250,000, and they account for half of all income taxes paid. Returns with an AGI of $50,000 or less account for 18 percent of income reported and less than 6 percent of total income taxes paid.



Source: Research, analysis, and statistics: Internal Revenue Service.

Chart 4. Taxes and capital gains by income category, 2014

The average tax rate varied considerably by income in 2014: 28% for incomes of $1 million to $5 million, compared with under 10% for incomes less than $100,000. Capital gains, taxed at a lower rate, made up more of the income of those reporting $5 million or more.



Source: Research, analysis, and statistics; Internal Revenue Service.

FIXED INCOME

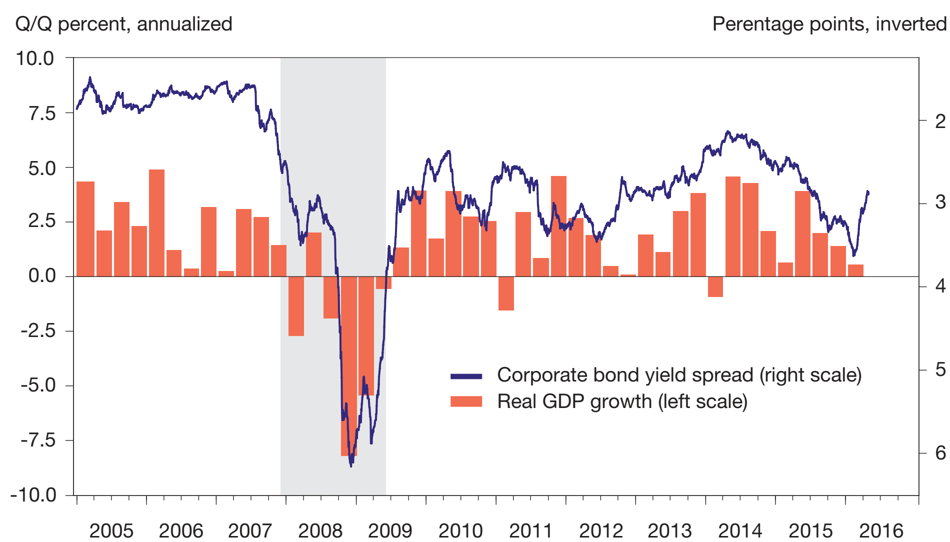
In general, bond yields tend to rise as economic growth accelerates. Faster growth increases the risk of a pick-up in inflation, which reduces the value of a fixed-income investment. An accelerating expansion can also lead the Federal Reserve to raise its federal funds target rate, which would also undercut the value of a bond or other fixed-income investment.

Corporate bond yields reflect both economic conditions and expectations of the risk of default for each issuer. Overall economic conditions can contribute to the risk of default for individual companies—slow economic growth or a recession increase the likelihood of default, while stronger growth tends to reduce it.

If corporate bond yields are analyzed relative to Treasury securities—calculating the difference, or spread, between the yields—we can isolate the default risk component implicit in the investment. Corporate spreads over Treasurys tend to widen during periods of economic weakness as default risk rises, and they tend to narrow during times of economic strength as the risk of default declines.

Before the Great Recession, corporate bond yields fluctuated between 1.5 and 2 percentage points higher than the yield on 10-year Treasury notes. During the recession, that spread widened to 6 percentage points. More recently, in 2014 the spread narrowed to about 2.25 percentage points as GDP growth strengthened during the second and third quarters. Since then, economic growth has been erratic, hitting a low of 0.5 percent on an annual basis in the first quarter of this year. It is interesting that the yield spread widened from mid-2014 through early 2016 but has sharply reversed course in the past several weeks. This suggests that bond investors see a lower default risk in the months ahead (Chart 5).

Chart 5. Corporate bond yield spreads have narrowed recently, supporting a more optimistic outlook.



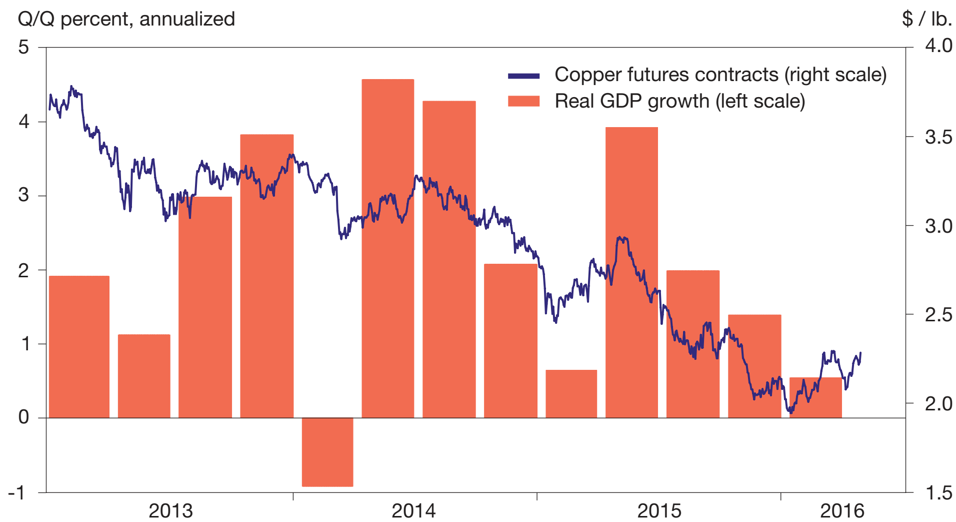
Note: Shaded area denotes recession.
Source: Bureau of Economic Analysis, FactSet.

COMMODITIES

Commodity prices, like bond yields, tend to be sensitive to economic conditions. While commodity markets are more global in nature, meaning they are more sensitive to global economic developments than U.S. corporate bond yields, they are still closely tied to the U.S. economic outlook.

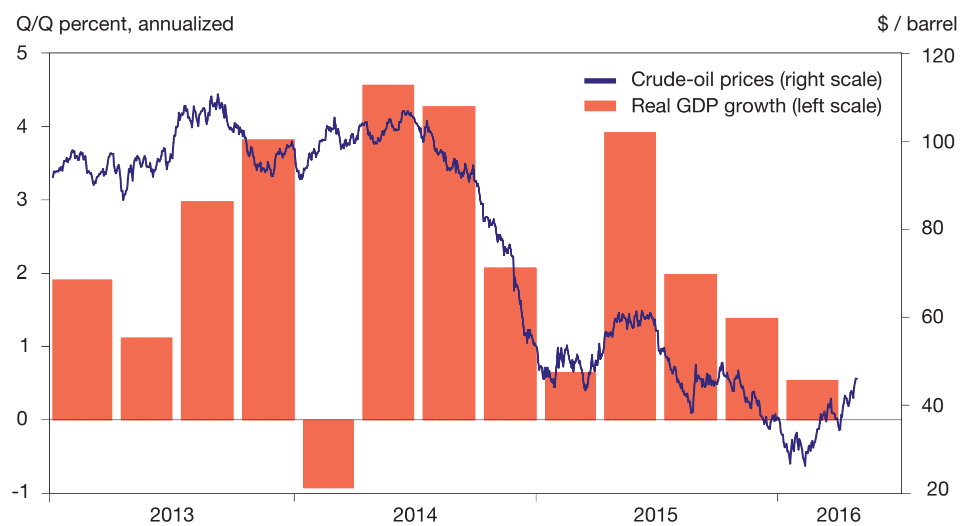
Two commodities that are particularly sensitive to changing economic conditions are copper and crude oil. Copper is one of the most heavily used metals in manufacturing and building construction. Copper prices fell from over $3 a pound in mid-2014 to under $2 a pound during this year's first quarter. However, since hitting that low, copper has rebounded to around $2.30 a pound (Chart 6). Similarly, crude-oil prices have rebounded sharply in recent weeks, rising from a low in the mid-$20s a barrel to around the mid-$40s at the end of April (Chart 7). Resurgent prices for key materials suggest a more optimistic outlook for manufacturing and construction.

Chart 6. **Rising copper prices also suggest an improving economy.**



Source: Bureau of Economic Analysis, FactSet.

Chart 7. **Rising crude-oil prices fuel an optimistic outlook.**



Source: Bureau of Economic Analysis, FactSet.

U.S. EQUITIES

Real stock prices—stock prices adjusted for inflation—are a leading indicator in our Business-Cycle Conditions model. Data through March show this measure continues to trend down. On a nominal basis (not inflation-adjusted), data through April show stocks continued to rebound from a mid-February low through a mid-April high before generally stabilizing during the second half of April.

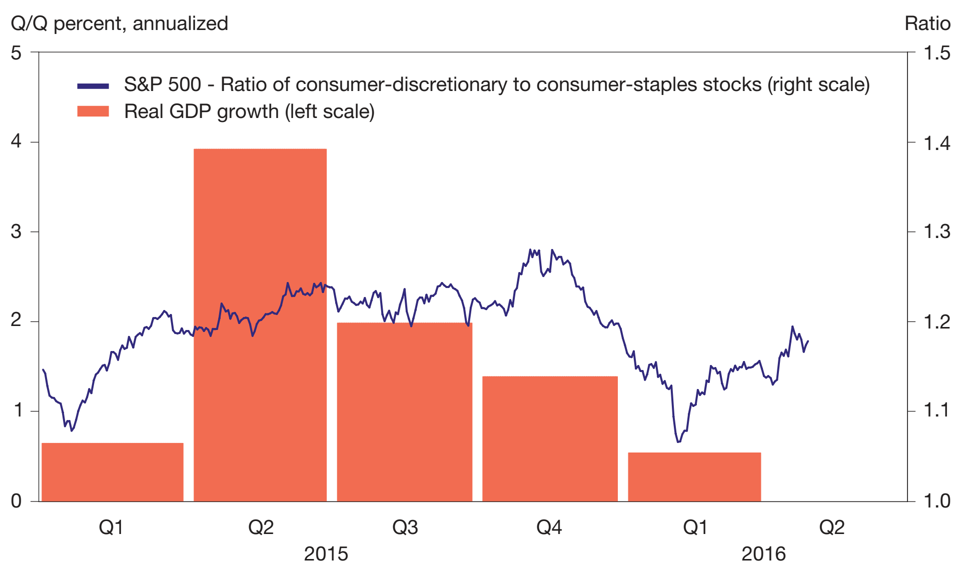
The stocks in the Standard & Poor's 500 index are categorized in 10 economic sectors. Comparing the relative performance of sectors can provide additional insight beyond the performance of the index overall.

The S&P 500's consumer-discretionary stocks include auto and auto parts manufacturers; consumer durable goods and apparel manufacturers; and consumer services, such as hotels, leisure and restaurants, media companies, and retailers. These all tend to be cyclical and sensitive to changes in economic conditions. The S&P 500's consumer-staples stocks include food and drug stores, food and beverage manufacturers, and makers of household and personal-care products. These stocks tend to be less sensitive to changing economic conditions.

Comparing the relative performance of consumer-discretionary and consumer-staples stocks can provide insight into the current economic outlook. Early last year, as the U.S. economy weakened, consumer-discretionary stocks underperformed – hitting a low relative to consumer-staples shares during the period. As expectations for an economic rebound rose, consumer-discretionary stocks began to outperform shares of consumer-staples providers. This can be seen in Chart 8, where the line hit a low in early 2015, then trended higher.

A similar pattern occurred in late 2015 as consumer-discretionary stocks underperformed staples shares ahead of this year's weak first-quarter GDP growth (Chart 8). But since mid-February, consumer-discretionary stocks have mostly outperformed consumer staples, suggesting investors are anticipating improved economic activity.

Chart 8. The improving performance of consumer-discretionary over consumer-staples stocks suggests growth in domestic demand.



Source: Bureau of Economic Analysis, Standard & Poor's (FactSet).

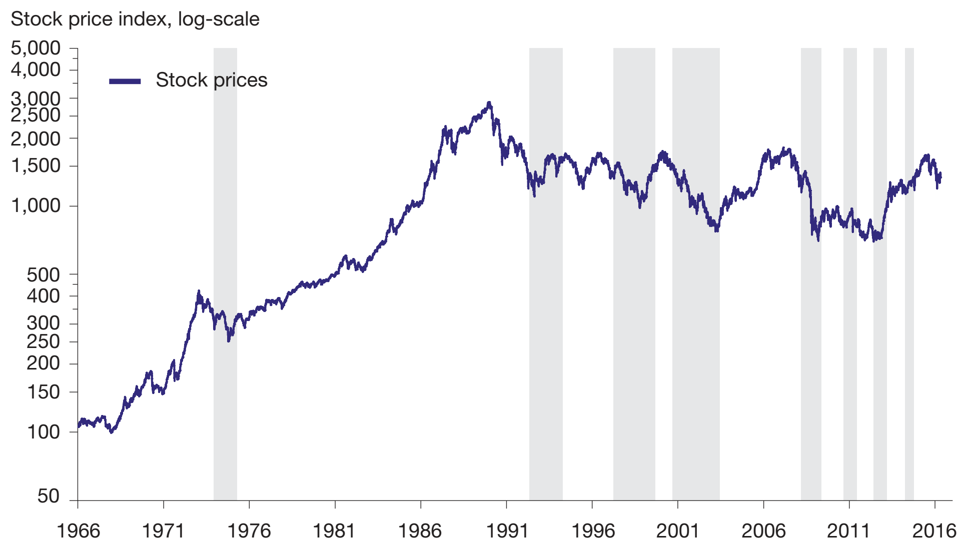
GLOBAL EQUITIES

In the U.S., recent weak economic data has suggested an elevated risk of recession, though we still have not concluded that a recession is probable in the next six to 12 months. A downturn, should it occur, would be the fourth U.S. recession in the past three decades. In Japan, the past three decades have been much tougher. The Japanese economy has already logged seven recessions since 1992 (Chart 9). Over that time, Japanese equities have trended flat to down. In fact, since hitting an all-time high in 1990, Japanese equities are still more than 30 percent below that peak, more than 25 years later.

There are two important lessons from Japan's experience. First, the economy matters. Weak economic performance and frequent recessions will weigh on stock performance. Investors should be mindful of economic conditions and adjust their investment allocations accordingly. That has been the philosophy of AIER since its founding in 1932, and it holds for investments in both the U.S. equity markets and those abroad.

The second important lesson is that equities don't always go up—past performance is not a guarantee of future results, as is often said. This is particularly important to remember when determining asset allocations. It's too easy to put a set of expected returns and estimates for volatility into an asset allocation model and get a false sense of security. The reality is that the future is unknown. Investing should be an ongoing process, not a once-and-done event. Any investor in Japanese equities who expected the same returns for the 25 years after 1990 based on the previous 25 years prior would be extremely disappointed.

Chart 9. The lesson from Japan: Stocks don't always go up.



Note: Shaded areas denote recessions in Japan.
Source: Tokyo Exchange (TOPIX).

THE ECONOMY...

Our Leaders index held at 38 in the latest reading, the second month in a row below the neutral 50 level. Continued readings below 50 suggest an elevated risk of recession, although the underlying economic data in our model remain subject to revision.

Real GDP growth slowed to a crawl in the first quarter, which was completely consistent with the declines in our Leaders index. However, continued gains in services within the GDP data as well as continued strong service-industry job gains offer hope that the economy may rebound rather than tail off into a recession. So we are not ready to forecast a recession in the next six to 12 months but are maintaining a heightened degree of caution.

...INFLATION...

The Consumer Price Index rose 0.1 percent in March from February, the fastest monthly growth since December 2015. Energy was a major contributor. After falling for three straight months, energy prices rebounded for a 0.9 percent gain in March. In April, crude-oil prices continued to rise, suggesting that consumer prices overall would also climb in future months.

The latest AIER Inflationary Pressures Scorecard reveals firm inflation pressure, with 14 indicators out of 23 showing rising pressure, up from 13 in the previous month. Rising inflationary pressures are coming mostly from production costs. Prices of imports and commodities have been growing faster in recent months, as have wages and other labor costs.

...POLICY...

The Federal Reserve kept its target range for the federal funds rate unchanged in April. But several factors indicate that a rate increase in June and possibly another in September or December are probable, contingent on new economic data available between now and then.

Tax return statistics provide a look at the distribution of income and tax burdens among Americans. While over 97 percent of 2014 returns reported income of less than $250,000, those filers only accounted for about half of all taxes paid. The other half came from the remaining 3 percent, speaking to issues of both income inequality and relative tax burdens.

...INVESTING

Markets tend to be forward looking. A range of financial market indicators may be useful in gauging investor sentiment. As we look across several markets—fixed income, commodities, and stocks—recent performance suggests that investors are becoming more optimistic about the future level of economic activity. While that outlook can be wrong, it can also be self-fulfilling. Rebounding markets may provide some extra confidence to consumers and businesses, helping real activity meet expectations.

Japan was once a fast-growing and dynamic economy, second in size only to the U.S. However, since 1990, Japan's economy has struggled, leading to 25 years of poor equity-market performance. The takeaway is that investors should not assume that stocks will inevitably rise, and they shouldn't expect that equity returns of the past 25 years will provide an accurate guide for the next 25 years.

CAPITAL MARKET PERFORMANCE

(Percent change)

	April 2016	Latest 3M	Latest 12M	Calendar Year 2015	2014	2013	Annualized 3-year	5-year	10-year
Equity Markets									
S&P 1500	0.4	6.9	-1.1	-1.0	10.9	30.1	8.8	8.6	4.8
S&P 500 - total return	0.4	7.1	1.2	1.4	13.7	32.4	11.1	11.0	6.9
S&P 500 - price only	0.3	6.4	-1.0	-0.7	11.4	29.6	8.8	8.7	4.7
S&P 400	1.1	10.9	-2.6	-3.7	8.2	31.6	7.9	7.6	6.2
Russell 2000	1.5	9.2	-7.3	-5.7	3.5	37.0	6.0	5.5	4.0
Dow Jones Global Index	1.4	8.0	-7.4	-4.0	2.1	20.8	3.1	2.6	1.9
Dow Jones Global ex. U.S. Index	2.3	9.0	-12.4	-6.6	-5.5	13.3	-1.6	-2.2	-0.6
STOXX Europe 600 Index	1.2	-0.2	-13.7	6.8	4.4	17.4	4.7	3.8	0.1
Bond Markets									
iShares 20+ year Treasury bond	-0.9	1.6	2.7	-4.2	23.6	-15.9	5.2	6.6	4.4
Dow Jones corporate bond index total return	1.2	5.5	4.5	-0.2	7.7	-1.5	10.7	5.8	6.9
Commodity Markets									
Gold	4.0	15.4	8.9	-12.1	0.1	-27.3	-4.3	-3.5	7.2
Silver	16.1	31.5	8.1	-13.5	-18.1	-34.9	-9.9	-18.2	3.6
CRB all commodities	4.1	9.3	-1.0	-14.4	-4.0	-5.8	-4.4	-6.0	2.5

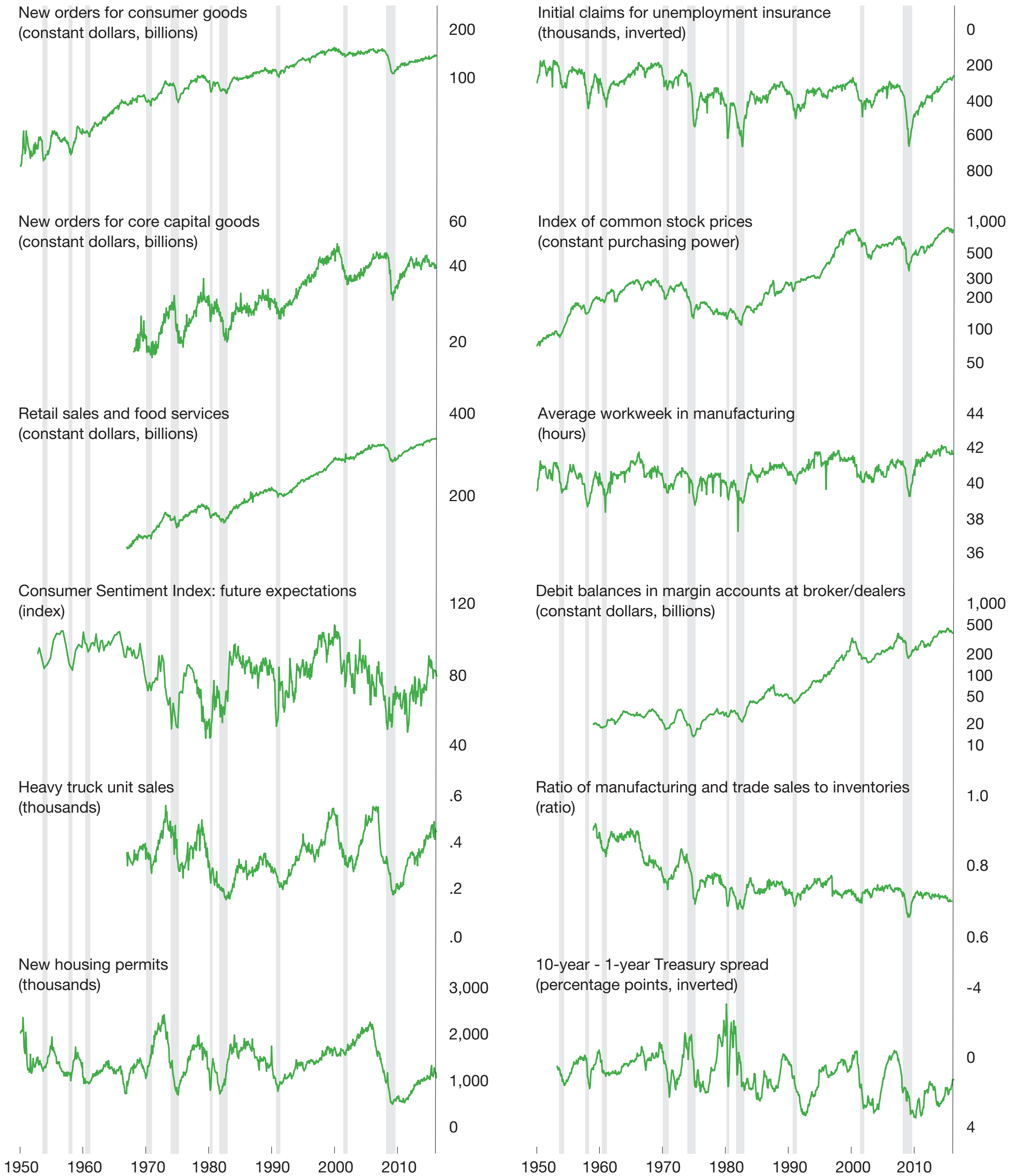
CONSUMER FINANCE RATES

(Percent)

	April 2016	Latest 3M	Latest 12M	Average For Year 2015	2014	2013	Average Over Period 3-year	5-year	10-year
30-yr. fixed mortgage	3.9	3.9	3.9	3.9	4.2	4.0	4.1	4.2	4.2
15-yr. fixed mortgage	3.0	3.0	3.0	3.0	3.2	3.2	3.1	3.3	3.3
5-yr. adjustable mortgage	3.2	3.2	3.2	3.2	3.4	3.2	3.3	3.2	3.2
Home-equity loan	4.8	4.8	4.8	4.8	5.4	6.1	5.4	5.7	5.7
48-month new car loan	4.2	4.2	4.2	4.2	4.2	4.4	4.3	4.7	5.9

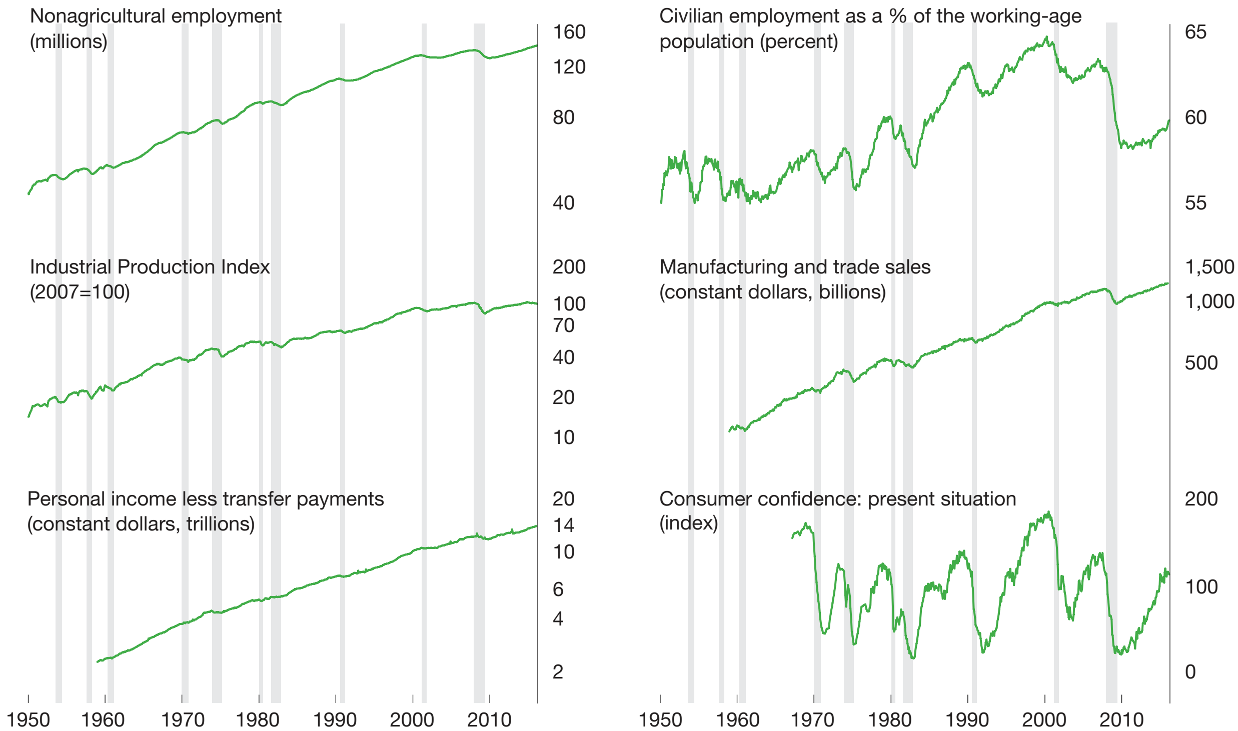
Sources for tables on this page: Bankrate Inc., Barron's, Commodity Research Bureau, Dow Jones, Federal Reserve Board, Frank Russell, iShares, Standard & Poor's, STOXX Europe 600, FactSet.

LEADERS (1950–2016)

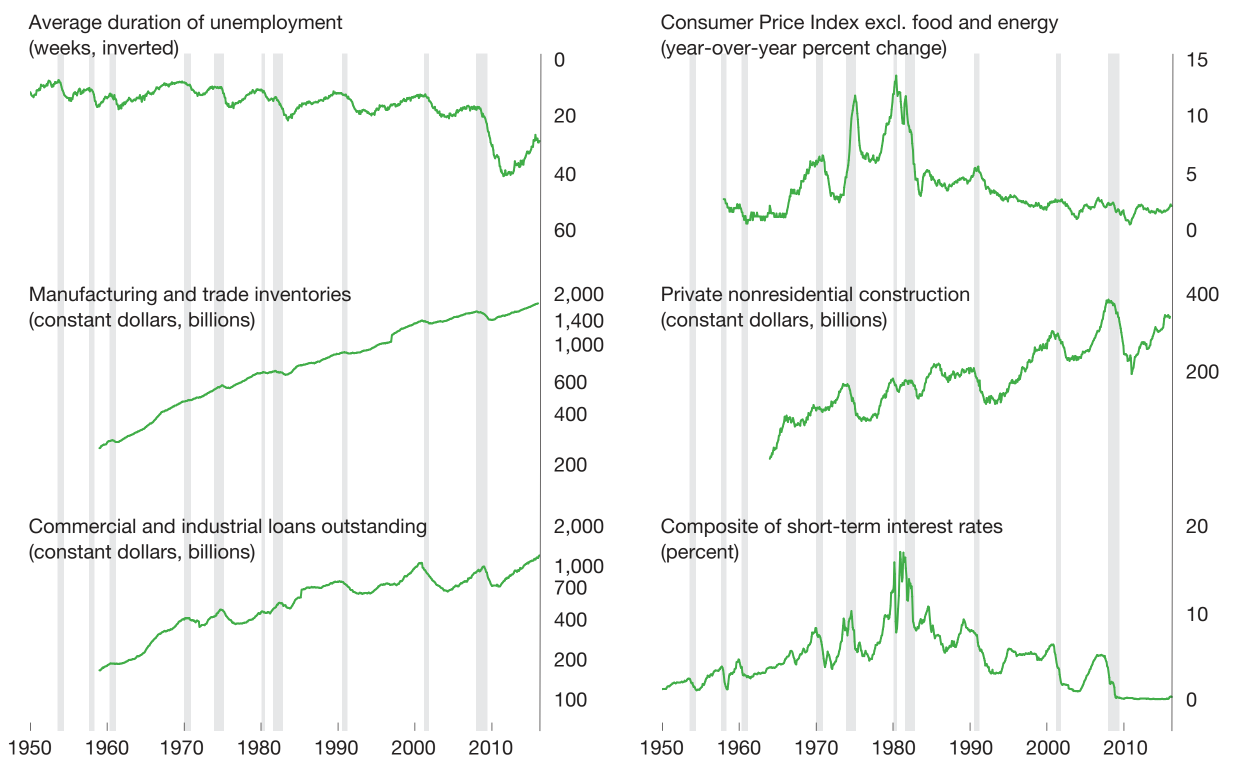


Sources for Appendix: Bureau of Economic Analysis, Bureau of Labor Statistics, Department of Labor, Federal Reserve Board, New York Stock Exchange, Standard & Poor's, The Conference Board, University of Michigan, U.S. Census Bureau.
Note: Shaded areas denote recessions (FactSet).

COINCIDERS (1950–2016)



LAGGERS (1950–2016)



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