

May 19, 2015

Dear Valued Investor:

Many of us are spending our Saturdays out in the yard, helping our lawns bounce back from a tough winter. As the brown patches and bare spots that are reminders of colder days fade, our lawns' roots are showing underlying strength. It's heartening to see the new growth and greenery now emerging, just as we saw last spring.

Similarly, the U.S. economy is bouncing back after a largely weather-driven first quarter decline, just as it did a year ago. The April 2015 Employment Situation report showed enough strength to suggest the economy is gaining traction, with growth in "good old American know-how" jobs continuing. Encouragingly, wage growth in this important segment has also been above average. We continue to watch wages in all sectors, as more bounce is needed to ensure broad-based wage growth.

The most recent report on new claims for unemployment fell to its lowest level since 2000, and the four-week average for these claims is at a 15-year low. These healthy results are another indication that temporary factors affecting the economy in the first quarter are fading, keeping the Federal Reserve on track to potentially raise rates in the latter part of 2015.

We continue to have confidence in the strength of the consumer, and we note consistent consumption patterns that we've seen before (in the early stage of the recovery from the Great Recession), i.e., consumers spending some, saving some, and paying down some debt. We were encouraged that March sales rebounded and were revised up, despite April retail sales disappointing many. Second quarter core retail sales are now running 2% ahead of the first quarter—a big improvement from the 0.5% first quarter gain. And again, temporary factors affecting first quarter retail sales have subsided.

These recent economic reports do not change our expectation that U.S. gross domestic product (GDP) will grow 3%-plus over the remainder of 2015, consistent with growth rates during the previous business cycle. Looking ahead, we continue to see consumer spending gains also supporting GDP growth in the coming months.

Spring is a time for renewal and a time for landscapes and lawns to bounce back. In our eyes, the U.S. economy is also bouncing back after a weak first quarter, and based on the many indicators we follow, it continues to have solid roots. To be sure, more is needed, and in the weeks ahead we will be watching the consumer, jobs, wages, and other key economic indicators for evidence this bounce back is occurring.

As always, if you have any questions, I encourage you to contact your financial advisor.

Sincerely,



John Canally, CFA
SVP, Chief Economic Strategist

All economic performance referenced is historical and is no guarantee of future results.

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for your clients. Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

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/NCUA Insured | Not Bank/Credit Union Guaranteed | May Lose Value
Not Guaranteed by Any Government Agency | Not a Bank/Credit Union Deposit

Member FINRA/SIPC