

## ECONOMIC OUTLOOK

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### *Summary*

“Our economy is strong. Growth is running at a healthy clip. Unemployment is low, the number of people working is rising steadily, and wages are up. Inflation is low and stable. All of these are very good signs.” These plain spoken opening remarks are from Federal Reserve Chairman Jerome Powell’s recent press conference on September 26, 2018. Sounds pretty positive, doesn’t it? We would not disagree with his assessment of the economy and the variety of measures referenced in the quote. The Fed distributes a Summary of Economic Projections (SEP) after each press conference where they detail their consolidated views on GDP growth, inflation and the unemployment rate. We would like to focus on GDP growth this month.

All Federal Open Markets Committee (FOMC) participants believe GDP growth must slow over the next few years. Their forecast features a strong second half for 2018 then a marked deceleration in economic growth in 2019 (2.1% to 2.8%), followed by 2020 (1.7% to 2.4%) and finally 2021 (1.5% to 2.1%). That growth trajectory is based upon continued, gradual hikes in the Federal Funds rate consisting of one more in 2018, three more in 2019 and one final hike in 2020. It’s important to note that the forecast and projected rate hikes are a function of the economy growing in line with their expectations and inflation falling within their model estimates.

It’s important to put our global hat on when assessing projected Fed actions and overlaying them against other likely major central bank initiatives over the forecast horizon. We believe that other regionally specific impediments (European political misalignment, Brexit, Japanese demographics and Asian supply

chain realignment -tariffs) will conspire to alter the best laid plans from the Fed. Domestically, housing and auto/truck sales have plateaued over the last 12 months and that is before the Fed potentially raises rates another five times. So, it could be more Goldilocks ahead, as the U.S. economy slows next year, inflation remains firm, but not problematic and other nations gradually deal with their long-term problems.

### *Positives*

ISM Manufacturing Index weakens a bit but still historically strong

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ISM Non-Manufacturing Index surprises to the upside and reaches a more than 20-year high

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ADP monthly employment numbers surprise to the upside, with positive prior month revisions

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### *Negatives*

Existing home sales are around the average for the last 18 years and the SALT change is affecting high real estate tax states’ home sales

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Q3 auto and truck sales are below prior year levels

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Advance goods trade balance widens, detracting from current period GDP calculations

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## EQUITY OUTLOOK

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### *Summary*

Equity markets were calm throughout the month of September. In fact, from the closing mark at the end of August, the S&P 500 closed within 1.03% above or below that level for every trading day in September. Even with sensationalized news headlines on a daily basis, equity markets have seemingly taken a “wait and see” approach to a number of outstanding items such as mid-term elections, earnings season and trade disputes.

With the third quarter now in the books, the S&P 500 eked out a 0.6% gain for the month. That capped off an impressive quarter during which the index rose 7.7% bringing the year-to-date return to 10.6%. The results have been particularly impressive given that performance in mid-term election years has historically been mostly level for the first three quarters only to rally in the final quarter. This year the markets appear to have reacted more to the strength of corporate earnings and economic fundamentals, focusing less on partisan bickering and chaos in Washington.

Growth outperformed value stocks again in September, but the difference was rather subtle and somewhat characteristic of a trendless market. The performance of specific sectors also didn't reveal any significant trends last month. International stock returns were mixed with developed market MSCI EAFE Index closing 0.9% higher and the MSCI Emerging Market Index finishing 0.5% lower.

Headed into the final quarter of 2018, stocks stuck in neutral for the last month are likely to find a gear as many outstanding matters come to a head. Quarterly-earnings season starts up later this month and expectations are lofty once again for corporate America. The Trump administration has reached agreements on trade negotiations with Canada and Mexico and there have been signs of progress with European partners. Little headway

has been made with China to date, but neither side benefits from drawing things out too long. Mid-term elections are just weeks away and regardless of the outcome and your political leanings, most will welcome relief from the endless stream of political fodder.

The bottom line is that many of the issues looming over the markets in recent months will ultimately have a conclusion. Markets should experience some volatility as they digest the outcome of each matter, but the removal of these overhangs should pave the way for the broad markets to move higher. We continue to believe U.S. equities are attractive for long-term investors and feel small and mid-cap domestic stocks look particularly desirable. International stocks will likely remain volatile as trade negotiations continue. Any progress on that front should provide a nice catalyst for foreign investments.

### *Positives*

Equity valuations are reasonable following recent earning growth  
High and generally escalating consumer and business sentiment

### *Negatives*

Rising wages and input costs  
Inter-global economic relationships strained

### *Unknown*

Duration of the “trade war”  
Outcome of the mid-term elections

## FIXED INCOME OUTLOOK

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### *Summary*

With little fanfare, on September 26 the Federal Open Market Committee (FOMC) followed through with its well-telegraphed, methodical process of “normalizing” interest rates. They increased the Fed Funds rate by another 25 basis points (bps) to a range of 2.00 to 2.25%. As with the past few accompanying press releases, they acknowledged the strong economic environment and inflation near their 2% target, but interestingly, they removed a key phrase claiming that policy was still accommodative. That change reflects that either they believe the funds rate is approaching neutral, or they are not sure where exactly is neutral. We think the latter is more likely as more members are probably realizing that neutral today might be quite different from neutral in the past. They have also become increasingly concerned about inverting the yield curve. Clearly even the hawks on the committee have softened their stance. Even so, the overnight rate is still expected to be increased again in December and possibly a few more times next year, as most FOMC participants believe policy will need to become restrictive given the overall strength of the economy and the tight labor markets.

As has been the trend, interest rates increased across the curve in advance of the FOMC meeting, and then actually declined by a few bps after the announcement. The 2-year Treasury note increased 19 bps for the month to end at 2.82%. Since the start of the year, this yield has increased by almost a full percentage point (94 bps) and it is now at the highest level in over a decade. The 10-year increased by 20 bps during September and at 3.06%, it is now 66 bps higher than at the beginning of the year.

With yields higher, intermediate maturity (1-10 year) Treasury notes delivered negative returns for the month (-0.52%). Supported by the same strong economic data, the incremental yield on corporate bonds narrowed in aggregate (7 bps).

Narrowing spreads moderated their price decline enough that investment-grade corporate bonds, in the same maturity range, declined less than half as much in value (-0.25%). We still expect interest rates will move somewhat higher as we finish the final quarter of the year, but the vast majority of the move is behind us. If the data remains as strong as it's been, then 3.25% remains a reasonable target for 10-year Treasury note yields. We do not think the curve will invert until there is evidence of slowing growth and the end of this historically long business cycle. With a yield of 3.20% on the Bloomberg Barclays Intermediate Government/Credit Index, it appears the clouds are breaking and brighter days are ahead for bond investors.

### *Positives*

Slowing global growth should ease commodity demand and prices

The Fed seems to be reevaluating what level is a neutral rate

### *Negatives*

Stronger economic growth combined with higher deficits

Tight labor markets lead to shortages and higher wages

### *Unknowns*

Trade and geopolitical relationships with China

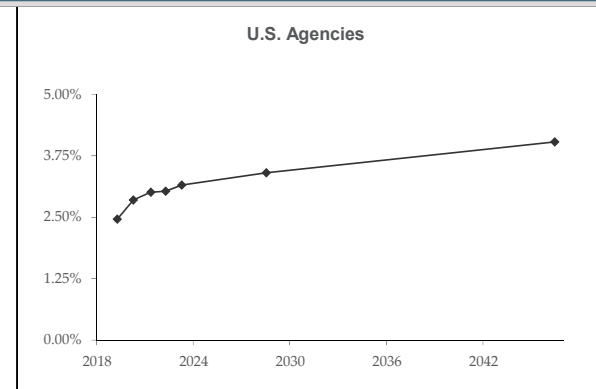
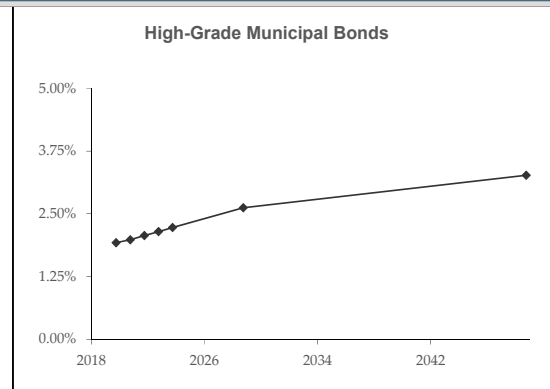
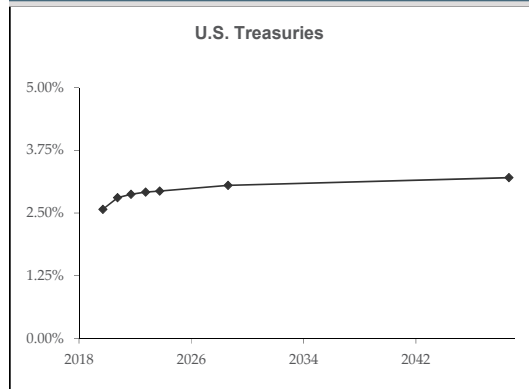
Mid-term elections and control of Congress could impact further policies

U.S. Treasury Yields		
Coupon	Maturity	YTM
0.000%	09/12/19	2.57%
2.750%	09/30/20	2.81%
2.750%	09/15/21	2.87%
1.875%	09/30/22	2.92%
2.875%	09/30/23	2.94%
2.875%	08/15/28	3.05%
3.000%	08/15/48	3.20%

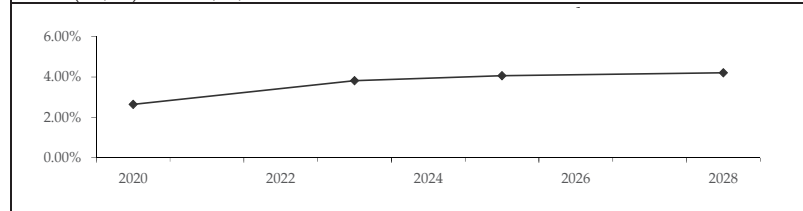
Municipal Bond Yields <sup>1</sup>		
Maturity	YTM	Tax-Equiv. <sup>2</sup>
10/01/19	1.93%	2.75%
10/01/20	1.98%	2.83%
10/01/21	2.07%	2.95%
10/01/22	2.14%	3.06%
10/01/23	2.23%	3.18%
10/01/28	2.62%	3.74%
10/01/48	3.27%	4.67%

U.S. Agency Yields - Active Bonds					
Agency	Coupon	Maturity	Price	YTM	To Muni (bp)
FHLB	2.250%	04/26/19	\$99.87	2.46%	-29
FHLB	2.375%	04/16/20	\$99.27	2.85%	+2
FFCB	2.700%	05/10/21	\$99.21	3.01%	+6
FFCB	2.800%	04/27/22	\$99.19	3.03%	-4
FFCB	2.700%	04/11/23	\$98.04	3.15%	-3
FFCB	3.200%	07/12/28	\$98.24	3.40%	-34
FFCB	3.250%	06/28/46	\$86.87	4.03%	-63

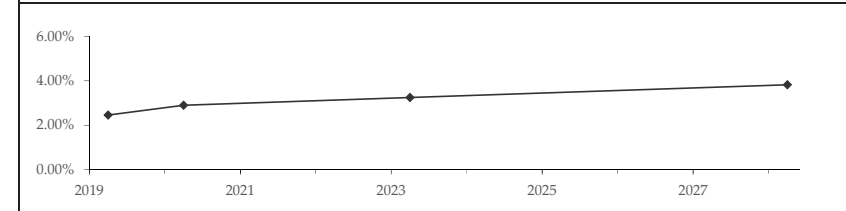
### Current Yield Curves



Corporate Bond Yields			
Description	Price	YTM	To Treasury (bp)
C (Baa1/BBB+) 2.4% 2/18/2020	\$99.67	2.65%	-16
JPM (Baa1 */BBB+) 3.38% 5/1/2023	\$98.16	3.82%	+90
MS (A3/BBB+) 4% 7/23/2025	\$99.59	4.07%	+113
BAC (A3/A-) 3.71% 4/24/2028	\$96.20	4.21%	+116



Bullet & Callable Agency Bond Yields <sup>3</sup>				
Description	Call Date	Price	YTM	YTW
FHLB 2.25% 4/26/2019	N/A	\$99.87	2.46%	2.46%
FFCB 2.5% 4/23/2020	04/23/19	\$99.34	2.90%	2.90%
FHLB 3% 4/17/2023	04/17/19	\$98.94	3.24%	3.25%
FHLB 3.75% 4/24/2028	04/24/19	\$99.43	3.82%	3.82%



(1) High-grade municipal bonds. (2) Based on a 30% marginal federal income tax bracket. (3) Graph displays yield to call.

Key: bp - basis points. One basis point is 1/100 of one percent. YTM - yield to maturity; YTC - yield to call.

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Part II of Form ADV is available upon request. For further information please contact FCI at (800) 615-2536.



October 5, 2018

## MARKET STATISTICS

### INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
<i>S&amp;P 500</i>	-0.97	-0.95	9.52
<i>DJIA</i>	-0.04	0.00	8.83
<i>Nasdaq</i>	-3.21	-3.18	13.75
<i>Russell 1000</i>	-1.16	-1.13	9.23
<i>Russell 2000</i>	-3.80	-3.78	7.30
<i>Russell 3000</i>	-1.36	-1.33	9.10

FOREIGN (%)			
	WTD	MTD	YTD
<i>MSCI ACWI</i>	-1.15	-1.13	3.07
<i>MSCI ACWI xUSA</i>	-1.98	-1.97	-4.62
<i>MSCI EAFE</i>	-1.62	-1.60	-2.58
<i>MSCI EM</i>	-3.58	-3.57	-10.79

FIXED INCOME (%)			
	WTD	MTD	YTD
<i>US Intermediate Gov/Cred</i>	-0.38	-0.38	-1.14
<i>U.S. Aggregate</i>	-0.76	-0.76	-2.35
<i>US Corp High Yield</i>	-0.25	-0.25	2.32
<i>Municipal Bond</i>	-0.45	-0.45	-0.85

OTHERS (%)			
	WTD	MTD	YTD
<i>DJ Eqty REIT TOT RE IDX</i>	-2.94	-2.94	-0.93
<i>Alerian MLP Index</i>	1.82	1.82	7.83
<i>S&amp;P GSCI Index Spot Indx</i>	1.83	1.83	11.92
<i>Dollar Index Spot</i>	0.55	0.55	3.84

### RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
<i>Large</i>	4.04	9.23	14.32
<i>Medium</i>	4.56	7.30	9.89
<i>Small</i>	4.10	9.10	13.98

### ECONOMIC SCORECARD

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE
<i>Unemployment Rate</i>	3.8%	3.7%	-0.1%
<i>Trade Balance</i>	-53.6b	-53.2b	0.4b
<i>Durable Goods Orders</i>	4.5%	4.4%	-0.1%
<i>Markit US Manufacturing PMI</i>	55.6	55.6	0.0
<i>ISM Manufacturing</i>	60.0	59.8	-0.2
<i>Markit US Services PMI</i>	53.0	53.5	0.5

### COMMODITY PRICES

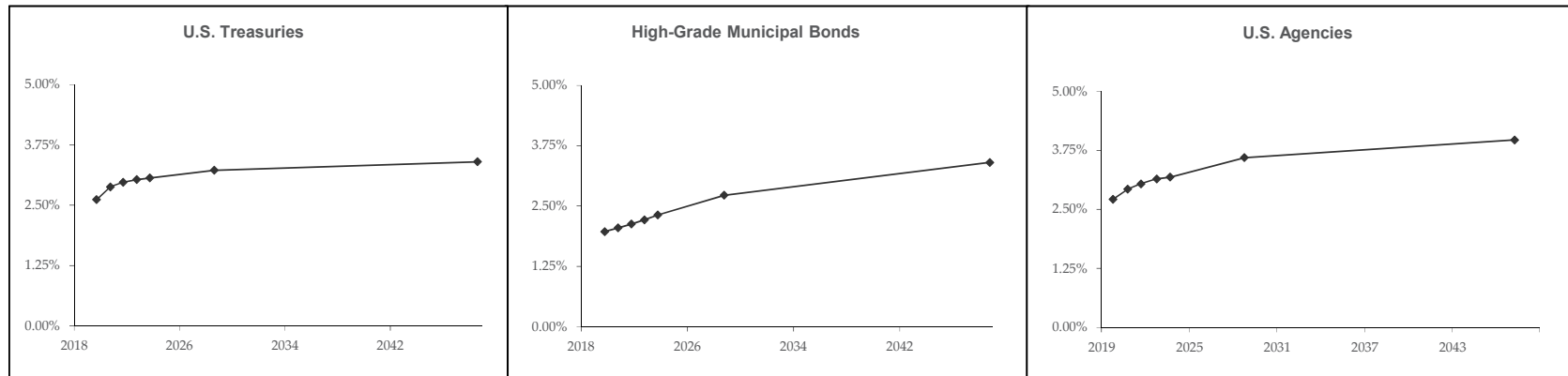
ALTERNATIVES			
	10/5/2018	9/30/2018	12/31/2017
<i>Generic Crude Oil Future</i>	\$74.31	\$73.25	\$60.42
<i>Generic Gold Future</i>	\$1,201.20	\$1,191.50	\$1,309.30
<i>Dollar Index Spot</i>	\$95.66	\$95.13	\$92.12
<i>Euro Spot</i>	\$1.15	\$1.16	\$1.20

### S&P 500

SECTOR RETURNS (%)	
	YTD
<i>Discretionary</i>	15.34
<i>Staples</i>	-4.21
<i>Energy</i>	9.47
<i>Financials</i>	1.69
<i>Health Care</i>	15.70
<i>Industrials</i>	5.64
<i>Info Tech</i>	17.97
<i>Materials</i>	-3.23
<i>Real Estate</i>	-1.08
<i>Telecom</i>	-1.46
<i>Utilities</i>	4.62

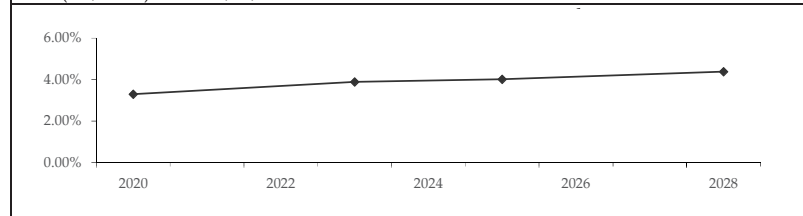
U.S. Treasury Yields			Municipal Bond Yields <sup>1</sup>			U.S. Agency Yields - Active Bonds					
Coupon	Maturity	YTM	Maturity	YTM	Tax-Equiv. <sup>2</sup>	Agency	Coupon	Maturity	Price	YTM	To Muni (bp)
0.000%	09/12/19	2.62%	10/08/19	1.97%	2.82%	FHLB	2.625%	10/03/19	\$99.92	2.71%	-10
2.750%	09/30/20	2.88%	10/08/20	2.05%	2.92%	FHLB	2.860%	10/15/20	\$99.87	2.93%	+0
2.750%	09/15/21	2.98%	10/08/21	2.13%	3.04%	FFCB	2.850%	09/20/21	\$99.47	3.04%	-0
1.875%	09/30/22	3.03%	10/08/22	2.22%	3.17%	FHLB	2.280%	10/26/22	\$96.69	3.14%	-2
2.875%	09/30/23	3.07%	10/08/23	2.31%	3.31%	FHLB	3.375%	09/08/23	\$100.87	3.18%	-12
2.875%	08/15/28	3.23%	10/08/28	2.72%	3.89%	FFCB	4.000%	10/23/28	\$103.13	3.59%	-30
3.000%	08/15/48	3.40%	10/08/48	3.40%	4.86%	FFCB	3.580%	04/11/47	\$93.08	3.97%	-89

Current Yield Curves



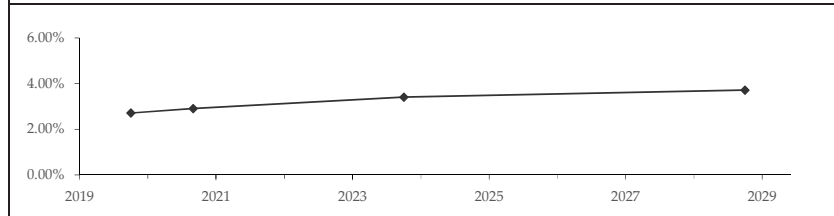
Corporate Bond Yields

Description	Price	YTM	To Treasury (bp)
JPM (A3 *+/A-) 4.25% 10/15/2020	\$101.84	3.30%	+42
C (Baa1/BBB+) 3.88% 10/25/2023	\$99.92	3.89%	+86
BAC (A3/A-) 3.88% 8/1/2025	\$99.14	4.02%	+95
MS (A3/BBB+) 4.47% 9/26/2028	\$99.30	4.39%	+116



Bullet & Callable Agency Bond Yields <sup>3</sup>

Description	Call Date	Price	YTM	YTW
FHLB 2.625% 10/3/2019	N/A	\$99.92	2.71%	2.71%
FHLB 2.84% 9/25/2020	09/25/19	\$99.88	2.91%	2.91%
FFCB 3.34% 10/4/2023	10/04/19	\$99.67	3.41%	3.41%
FFCB 3.7% 10/4/2028	10/04/23	\$99.84	3.72%	3.72%



(1) High-grade municipal bonds. (2) Based on a 30% marginal federal income tax bracket. (3) Graph displays yield to call.

Key: bp - basis points. One basis point is 1/100 of one percent. YTM - yield to maturity; YTC - yield to call.

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## MARKET STATISTICS

### INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
S&P 500	-4.10	-4.97	5.06
DJIA	-4.19	-4.17	4.29
Nasdaq	-3.74	-6.80	9.50
Russell 1000	-4.18	-5.23	4.71
Russell 2000	-5.23	-8.81	1.69
Russell 3000	-4.26	-5.50	4.49

FOREIGN (%)			
	WTD	MTD	YTD
MSCI ACWI	-4.91	-6.59	-2.62
MSCI ACWI xUSA	-4.19	-6.79	-9.32
MSCI EAFE	-3.94	-6.15	-7.08
MSCI EM	-4.61	-8.85	-15.68

FIXED INCOME (%)			
	WTD	MTD	YTD
US Intermediate Gov/Cred	0.31	-0.15	-0.91
U.S. Aggregate	0.49	-0.46	-2.05
US Corp High Yield	-0.61	-1.04	1.50
Municipal Bond	-0.21	-0.78	-1.18

OTHERS (%)			
	WTD	MTD	YTD
DJ Eqty REIT TOT RE IDX	-2.93	-5.78	-3.84
Alerian MLP Index	-3.17	-1.41	4.41
S&P GSCI Index Spot Indx	-3.16	-1.56	8.19
Dollar Index Spot	-0.39	0.12	3.39

### RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
Large	-0.46	4.71	9.80
Medium	-0.39	1.69	3.63
Small	-0.43	4.49	9.32

### ECONOMIC SCORECARD

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE
CPI MoM	0.2%	0.1%	-0.1%
PPI Final Demand MoM	0.2%	0.2%	0.0%
Initial Jobless Claims	207k	214k	7k
U. of Mich. Sentiment	100.5	99.0	-1.5
NFIB Sm. Business Optimism	108.3	107.9	-0.4
Wholesale Inventories MoM	0.8%	1.0%	0.2%

### COMMODITY PRICES

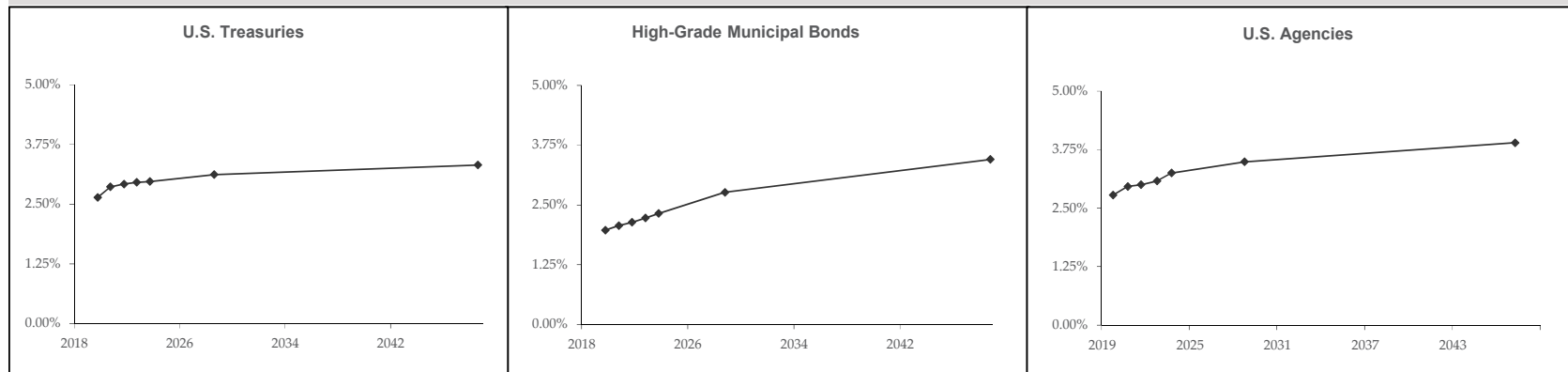
ALTERNATIVES			
	10/12/2018	9/30/2018	12/31/2017
Generic Crude Oil Future	\$71.52	\$73.25	\$60.42
Generic Gold Future	\$1,218.10	\$1,191.50	\$1,309.30
Dollar Index Spot	\$95.25	\$95.13	\$92.12
Euro Spot	\$1.16	\$1.16	\$1.20

### S&P 500

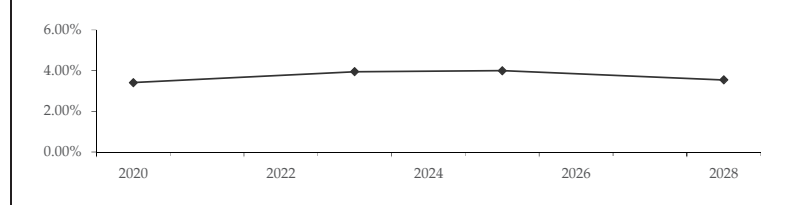
SECTOR RETURNS (%)	
	YTD
Discretionary	11.29
Staples	-6.04
Energy	3.58
Financials	-3.97
Health Care	11.71
Industrials	-1.12
Info Tech	13.47
Materials	-9.60
Real Estate	-3.93
Telecom	-4.26
Utilities	3.30

U.S. Treasury Yields			Municipal Bond Yields <sup>1</sup>			U.S. Agency Yields - Active Bonds					
Coupon	Maturity	YTM	Maturity	YTM	Tax-Equiv. <sup>2</sup>	Agency	Coupon	Maturity	Price	YTM	To Muni (bp)
0.000%	10/10/19	2.64%	10/22/19	1.97%	2.82%	FNMA	1.000%	10/24/19	\$98.26	2.78%	-4
2.750%	09/30/20	2.86%	10/22/20	2.07%	2.95%	FHLB	2.860%	10/15/20	\$99.80	2.96%	+1
2.875%	10/15/21	2.92%	10/22/21	2.14%	3.05%	FFCB	2.850%	09/20/21	\$99.58	3.00%	-5
1.875%	09/30/22	2.96%	10/22/22	2.23%	3.18%	FHLB	2.280%	10/26/22	\$96.96	3.08%	-10
2.875%	09/30/23	2.98%	10/22/23	2.32%	3.32%	FHLMC	2.000%	10/17/23	\$94.23	3.25%	-6
2.875%	08/15/28	3.12%	10/22/28	2.77%	3.95%	FFCB	4.000%	10/23/28	\$104.01	3.49%	-46
3.000%	08/15/48	3.32%	10/22/48	3.45%	4.93%	FFCB	3.580%	04/11/47	\$94.25	3.90%	-103

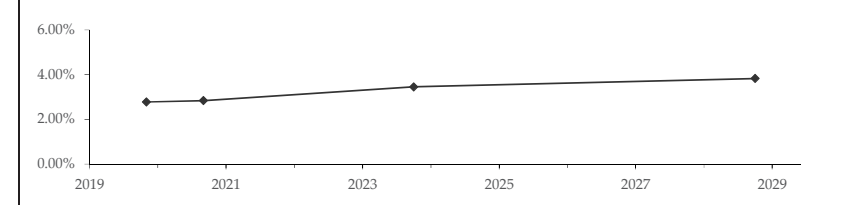
### Current Yield Curves



Corporate Bond Yields				
Description	Price	YTM	To Treasury (bp)	
JPM (A3 */A-) 4.25% 10/15/2020	\$101.57	3.42%	+56	
C (Baa1/BBB+) 3.88% 10/25/2023	\$99.65	3.95%	+100	
BAC (A3/A-) 3.88% 8/1/2025	\$99.27	4.00%	+102	
MS (A3/BBB+) 4.45% 5/11/2028	\$101.31	3.55%	+43	



Bullet & Callable Agency Bond Yields <sup>3</sup>					
Description	Call Date	Price	YTM	YTW	
FFCB 1.16% 11/1/2019	N/A	\$98.38	2.78%	2.78%	
FHLB 2.84% 9/25/2020	09/25/19	\$99.96	2.84%	2.84%	
FFCB 3.34% 10/4/2023	10/04/19	\$99.50	3.45%	3.45%	
FFCB 3.7% 10/4/2028	10/04/23	\$98.96	3.82%	3.83%	



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## MARKET STATISTICS

### INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
<i>S&amp;P 500</i>	-3.94	-8.67	0.98
<i>DJIA</i>	-2.97	-6.60	1.65
<i>Nasdaq</i>	-3.78	-10.90	4.69
<i>Russell 1000</i>	-3.94	-8.95	0.60
<i>Russell 2000</i>	-3.78	-12.50	-2.42
<i>Russell 3000</i>	-3.93	-9.22	0.38

FOREIGN (%)			
	WTD	MTD	YTD
<i>MSCI ACWI</i>	-2.68	-8.20	-4.30
<i>MSCI ACWI xUSA</i>	-3.21	-9.41	-11.87
<i>MSCI EAFE</i>	-3.53	-9.53	-10.43
<i>MSCI EM</i>	-2.32	-9.37	-16.16

FIXED INCOME (%)			
	WTD	MTD	YTD
<i>US Intermediate Gov/Cred</i>	0.26	-0.09	-0.86
<i>U.S. Aggregate</i>	0.30	-0.58	-2.17
<i>US Corp High Yield</i>	-0.44	-1.38	1.15
<i>Municipal Bond</i>	0.23	-0.49	-0.89

OTHERS (%)			
	WTD	MTD	YTD
<i>DJ Eqty REIT TOT RE IDX</i>	-1.05	-3.94	-1.95
<i>Alerian MLP Index</i>	-6.47	-7.53	-2.08
<i>S&amp;P GSCI Index Spot Indx</i>	-2.03	-4.35	5.12
<i>Dollar Index Spot</i>	0.67	1.29	4.59

### RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
<i>Large</i>	-3.72	0.60	4.77
<i>Medium</i>	-4.08	-2.42	-0.90
<i>Small</i>	-3.73	0.38	4.32

### ECONOMIC SCORECARD

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE
<i>GDP Annualized QoQ</i>	3.3%	3.5%	-0.2%
<i>U. of Mich. Sentiment</i>	99.0	98.6	-0.4
<i>Markit US Manufacturing PMI</i>	55.3	55.9	0.6
<i>New Home Sales</i>	625k	553k	-72k
<i>Wholesale Inventories MoM</i>	0.5%	0.3%	-0.2%
<i>Durable Goods Orders</i>	-1.5%	0.8%	2.3%

### COMMODITY PRICES

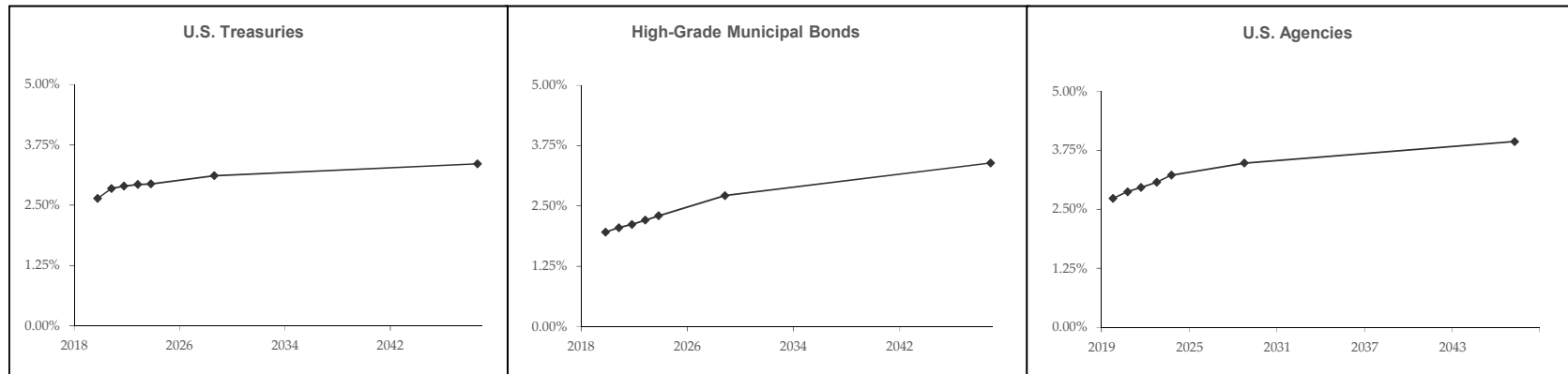
ALTERNATIVES			
	10/26/2018	9/30/2018	12/31/2017
<i>Generic Crude Oil Future</i>	\$67.68	\$73.25	\$60.42
<i>Generic Gold Future</i>	\$1,232.50	\$1,191.50	\$1,309.30
<i>Dollar Index Spot</i>	\$96.36	\$95.13	\$92.12
<i>Euro Spot</i>	\$1.14	\$1.16	\$1.20

### S&P 500

SECTOR RETURNS (%)	
	YTD
<i>Discretionary</i>	5.63
<i>Staples</i>	-3.23
<i>Energy</i>	-5.59
<i>Financials</i>	-8.29
<i>Health Care</i>	7.24
<i>Industrials</i>	-7.53
<i>Info Tech</i>	9.14
<i>Materials</i>	-14.80
<i>Real Estate</i>	-1.85
<i>Telecom</i>	-7.76
<i>Utilities</i>	4.18

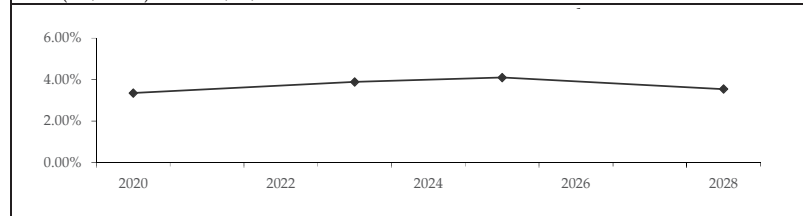
U.S. Treasury Yields			Municipal Bond Yields <sup>1</sup>			U.S. Agency Yields - Active Bonds					
Coupon	Maturity	YTM	Maturity	YTM	Tax-Equiv. <sup>2</sup>	Agency	Coupon	Maturity	Price	YTM	To Muni (bp)
0.000%	10/10/19	2.64%	10/29/19	1.96%	2.80%	FNMA	1.000%	10/24/19	\$98.34	2.73%	-7
2.875%	10/31/20	2.85%	10/29/20	2.05%	2.93%	FHLB	2.860%	10/15/20	\$99.98	2.87%	-6
2.875%	10/15/21	2.90%	10/29/21	2.12%	3.03%	FFCB	2.850%	09/20/21	\$99.70	2.96%	-7
2.000%	10/31/22	2.93%	10/29/22	2.21%	3.15%	FHLB	2.280%	10/26/22	\$97.01	3.07%	-8
2.875%	10/31/23	2.94%	10/29/23	2.30%	3.28%	FHLMC	2.000%	10/17/23	\$94.37	3.22%	-6
2.875%	08/15/28	3.11%	10/29/28	2.72%	3.88%	FFCB	4.000%	10/23/28	\$104.13	3.48%	-40
3.000%	08/15/48	3.36%	10/29/48	3.39%	4.84%	FFCB	3.580%	04/11/47	\$93.66	3.93%	-91

Current Yield Curves



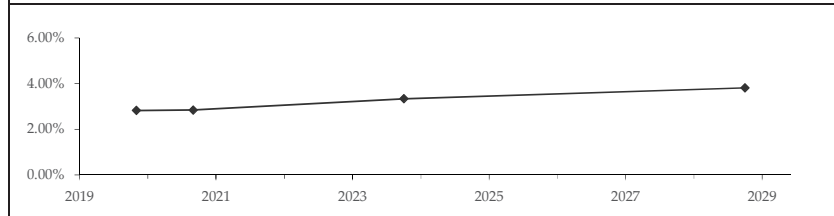
Corporate Bond Yields

Description	Price	YTM	To Treasury (bp)
JPM (A2/A-) 4.25% 10/15/2020	\$101.68	3.36%	+51
C (Baa1/BBB+) 3.88% 10/25/2023	\$99.93	3.89%	+96
BAC (A3/A-) 3.88% 8/1/2025	\$98.66	4.10%	+116
MS (A3/BBB+) 4.45% 5/11/2028	\$101.32	3.55%	+43



Bullet & Callable Agency Bond Yields <sup>3</sup>

Description	Call Date	Price	YTM	YTW
FFCB 1.16% 11/1/2019	N/A	\$98.24	2.83%	2.83%
FHLB 2.84% 9/25/2020	09/25/19	\$99.95	2.84%	2.84%
FFCB 3.34% 10/4/2023	10/04/19	\$100.00	3.34%	3.34%
FFCB 3.7% 10/4/2028	10/04/23	\$99.03	3.81%	3.82%



(1) High-grade municipal bonds. (2) Based on a 30% marginal federal income tax bracket. (3) Graph displays yield to call.

Key: bp - basis points. One basis point is 1/100 of one percent. YTM - yield to maturity; YTC - yield to call.

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Part II of Form ADV is available upon request. For further information please contact FCI at (800) 615-2536.