

Market Recap

Consumer Confidence Pushes Higher



Source: Haver Analytics, Gluskin Sheff

Rising Rates



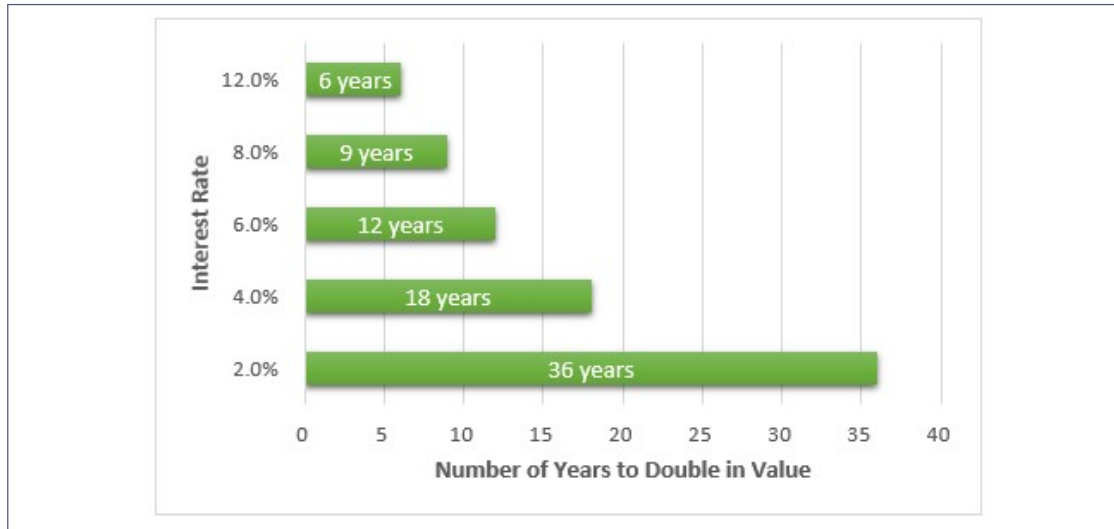
Source: Federal Reserve, Moody's Analytics

The U.S. economy has enjoyed a year of largely positive economic data including robust GDP growth, stable job creation, and a healthy economic outlook. These factors, coupled with strong earnings growth, have supported the Consumer Confidence Index (CCI) in its climb to an 18-year high in September. The index reading came in at 138.4, which is not far off the index's all-time high of 144.7, reached in 2000. Because consumer confidence is near record levels (signaling a continuation of existing trends), such confidence should come with some caution. The last time the CCI was floating at this level, the markets experienced the "dot-com crash", followed by an economic downturn. Though a repeat is possible, recessionary indicators suggest that such an outcome is unlikely in the near-term. Consumer spending during the upcoming holiday season will be an important gauge of the degree of support behind current sentiment.

The 10-year Treasury just reached its highest level since 2011 and now stands at 3.23%, a cycle high. The sharp move has some market participants concerned that a further rise in borrowing costs may weigh on future corporate profits. At the same time, the yield curve has continued to flatten over the past two years as economic growth peaks and inflation expectations nudge higher. Indeed, the potential for an inversion of the yield curve (when the yield on the 2-year Treasury bill exceeds that of the 10-year Treasury note) is perhaps a greater cause for alarm. The yield curve has proven to be one of the more reliable leading indicators of future nominal growth, and an inverted yield curve is among the best signals of a potential recession.

Market Recap

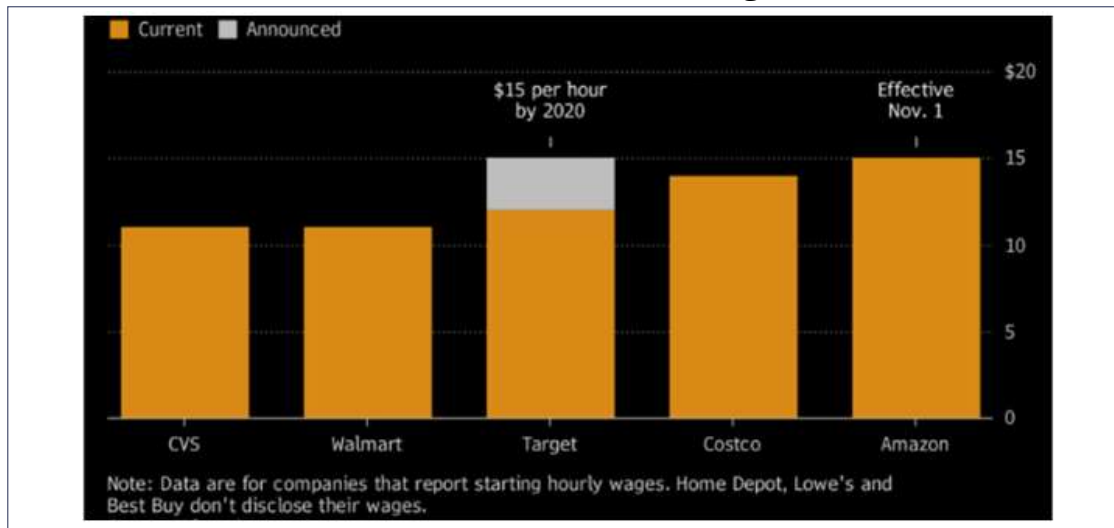
The Rule of 72



Source: Harbour Capital Advisors

The rule of 72 is a popular shorthand method to calculate how long it will take for an investment to double in value at a given rate of return (i.e., interest rate). The rule's formula is simple: The number of years needed to double in value = $72 / \text{Annual Interest Rate}$. For example, if one invested \$100 at an 8% interest rate, it would take 9 years ($72/8$) to grow to \$200. Although the formula is not a perfect fit for the underlying logarithmic equation (the shortcut is most accurate for rates between 6%-10%), the rule of 72 is a great illustration of the power of compound interest and a quick and easy tool that can be very useful in everyday life.

Amazon Raises Worker Wages



Source: Bloomberg

In a tight labor market and an upcoming holiday season, retailers are hard-pressed to attract workers this year. Last week, Amazon raised its minimum wage to \$15 an hour for both full-time and seasonal workers. With an increasingly diverse business and expanding profit margins, Amazon is better positioned to afford a wage increase today than in times past. Coming amidst a backdrop of elevated scrutiny over Amazon's growing market power, many observers have suggested that this was a shrewd tactic by Jeff Bezos. Regardless of the motivation behind the wage hike, this move is likely to stave off critics' claims about worker treatment (at least compared to the competition).

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

Disclosure: Harbour Capital Advisors, LLC (“HCA”) is an SEC-registered investment adviser located in McLean, Virginia. HCA and its representatives are in compliance with the current filing requirements imposed upon SEC-registered investment advisers by those states in which HCA maintains clients. HCA may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. A direct communication by HCA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of HCA, please contact the SEC or the state securities regulators for those states in which HCA maintains a notice filing. A copy of HCA’s current written disclosure statement discussing HCA’s business operations, services, and fees is available from HCA upon written request. HCA does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party and takes no responsibility therefor. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly. Past performance may not be indicative of future results. Therefore, there can be no assurance (and no current or prospective client should assume) that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by HCA) made reference to directly or indirectly by HCA will (i) be suitable or profitable for a client or prospective client’s investment portfolio or (ii) equal the corresponding indicated historical performance level(s). Different types of investments involve varying degrees of risk. Historical performance results for investment indices and/or categories generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, or the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. The material contained herein is provided for informational purposes only and does not constitute an offer to buy or sell or a solicitation of an offer to buy or sell any option or any other security or other financial instruments. Certain content provided herein may contain a discussion of, and/or provide access to, HCA’s (and those of other investment and non-investment professionals) positions and/or recommendations as of a specific prior date. Due to various factors, including changing market conditions, such discussion may no longer be reflective of current position(s) and/or recommendation(s). Moreover, no client or prospective client should assume that any such discussion serves as the receipt of, or a substitute for, personalized advice from HCA, or from any other investment professional. HCA is neither an attorney nor an accountant, and no portion of the content provided herein should be interpreted as legal, accounting, or tax advice. The tax information contained herein is general in nature and is provided for informational purposes only. HCA does not provide legal, tax, or accounting advice. HCA cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws which may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Federal and state laws and regulations are complex and are subject to change. Changes in such laws and regulations may have a material impact on pre- and/or after-tax investment results. Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if HCA is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of HCA by any of its clients. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser.