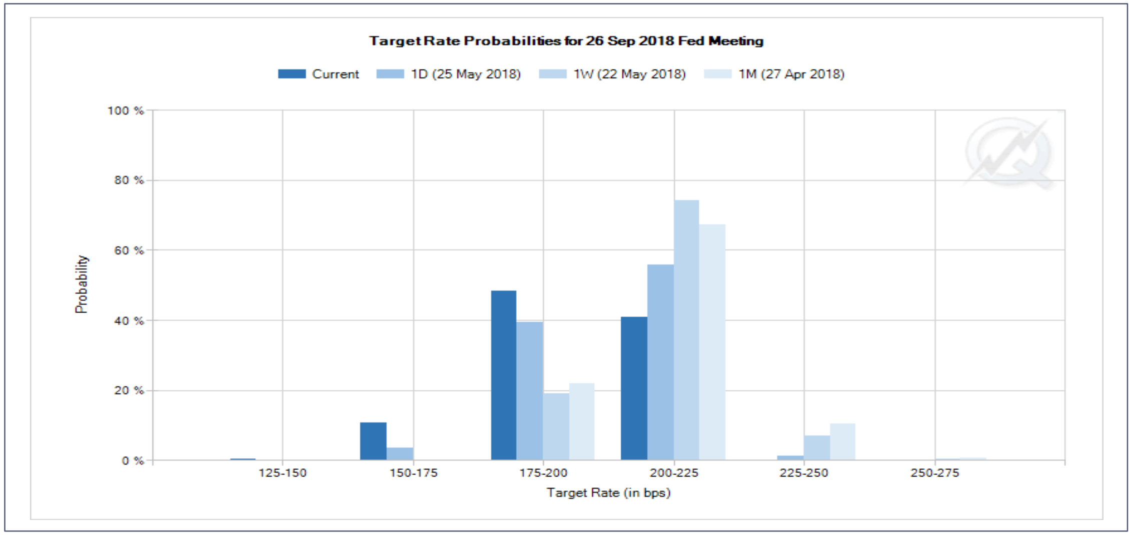
Market Recap

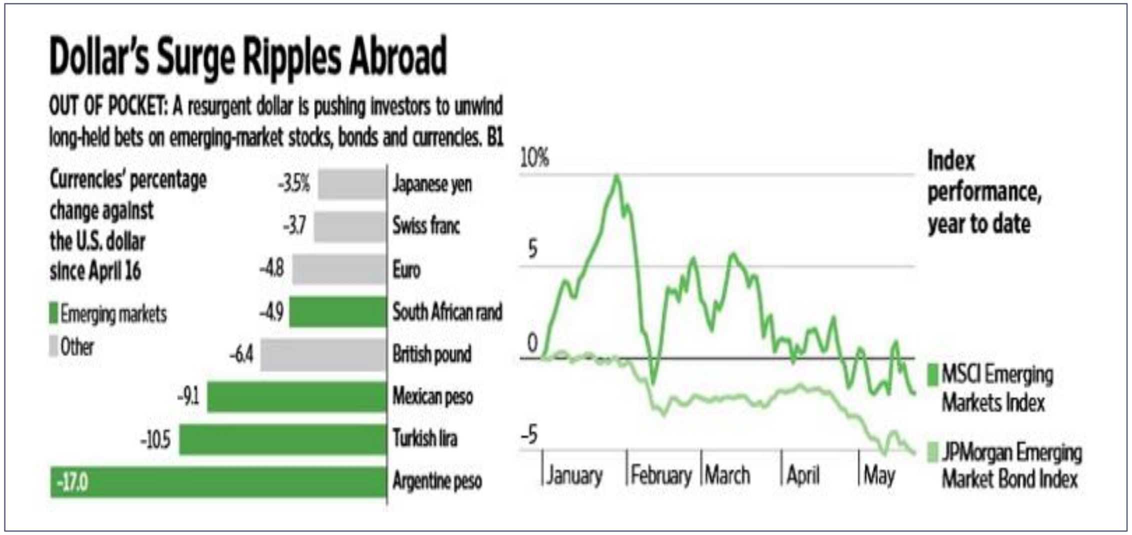
Decline in Expectations for Interest Rate Increases



Source: Action Forex

Investors recently lowered their expectations for the number of interest rate increases in 2018 following some revised guidance from the Federal Reserve. The central bank referenced a "symmetric" inflation target of 2%, implying some flexibility for the pace of interest rate increases even if inflation moves beyond the stated target. Moreover, continued softness in wage inflation coupled with lingering concerns over weaker global growth due trade disputes led to revised expectations for scheduled interest rate increases. Over the past month, the probability of two 0.25% interest rate increases (one 0.25% increase at the June meeting followed by another 0.25% increase at the September meeting) declined from approximately 75% to 40%.

Impact from a Stronger U.S. Dollar



Source: WSJ

The U.S. Dollar surged in recent weeks, with the U.S. Dollar Index (an index measuring the dollar's moves against a basket of 16 developed market and emerging market currencies) rising over 4% from mid-April through the end of May. Recent weakness in economic data abroad, particularly in Europe, alongside strengthening expectations for U.S. growth contributed to the move. Investors now doubt the resolve of major central banks to tighten monetary policy in the face of weaker global growth. While a rising dollar negatively impacts sales for large cap multinational firms, it also negatively impacts Emerging Market ("EM") equities and bonds. Many EM nations borrow in U.S dollars due to underdeveloped local capital markets. As a result, when the dollar rises, debt service costs increase and economic growth tends to decline.

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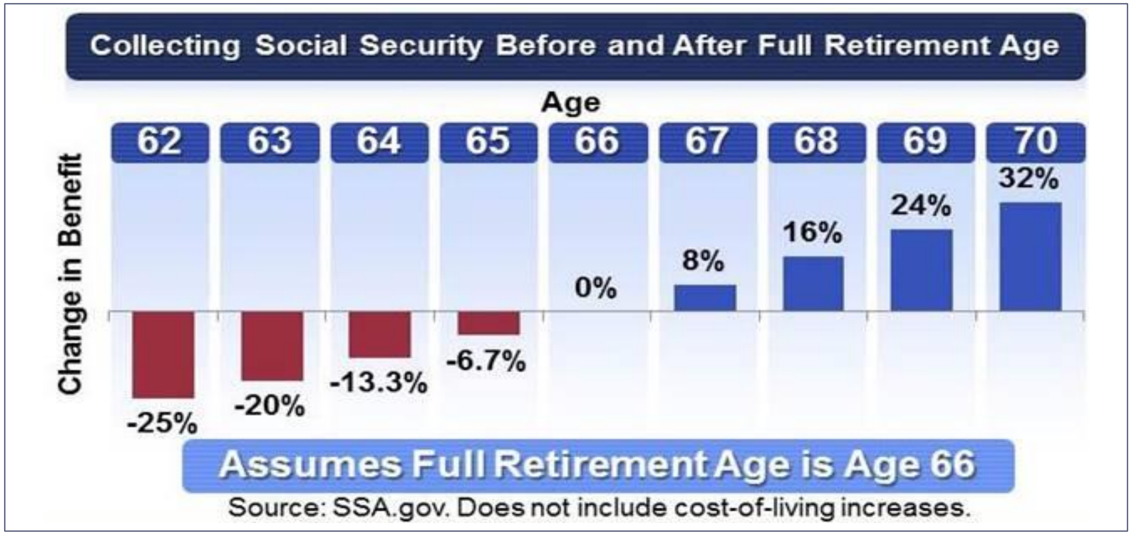
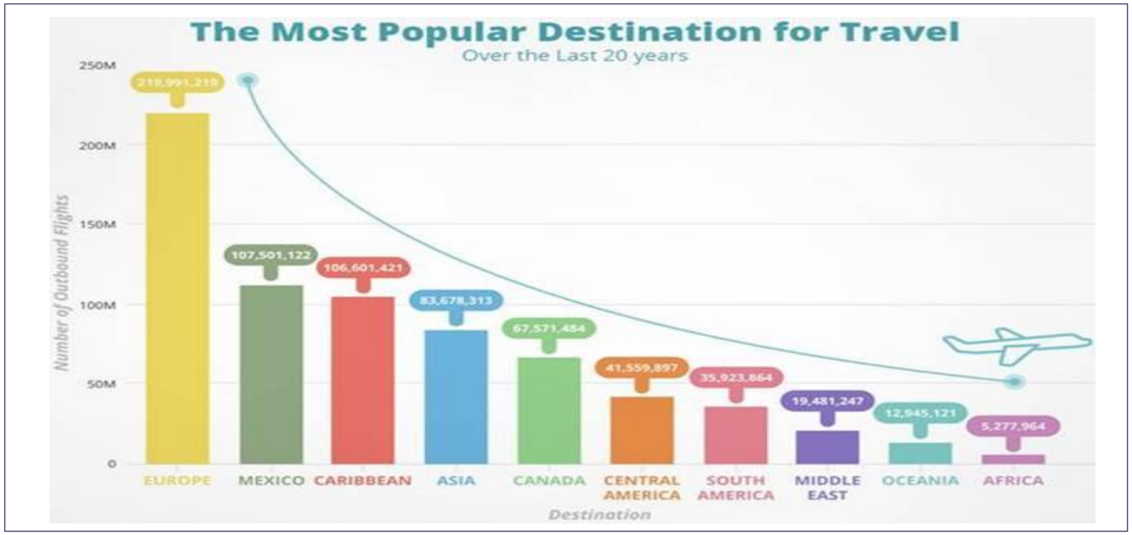
Social Security Benefits and Retirement Age



Source: SSA.gov

Social security has been a mainstay in the U.S. since its introduction in 1935, and it remains an important source of income for many retirees. The earliest age at which benefits are payable is 62 years old. However, the program is structured in such a way that retirees who elect to defer their social security benefits receive increasing benefits for every year they wait (with a cap at age 70). While waiting until age 70 provides the greatest long-term potential benefits, a retiree who waits until that age will need to survive to ~81 years old before their accumulated social security benefits begin to pay off. As each worker begins retirement with their own unique circumstances (e.g., expected longevity, income dependence, etc.), there is no one-size-fits-all answer.

Summer Travel



Source: Bookit.com

As the weather gets warmer, many Americans look forward to summer vacation plans. Some prefer a relaxing day at the beach while others enjoy a more active retreat – regardless of one's personal preferences, a change of scenery does everyone some good. Due to a combination of rising incomes and improving accessibility (thanks in large part to the Internet), international travel has continued to grow in popularity over the past twenty years. While it's no surprise that Europe's diverse cultures and rich heritage remain a prime destination for American wayfarers, Mexico has seen the biggest surge in popularity, as trips have more than doubled since 1996. With Millennials' outsized appetite for experiences, overseas travel adventures aren't likely to wane anytime soon!

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.

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