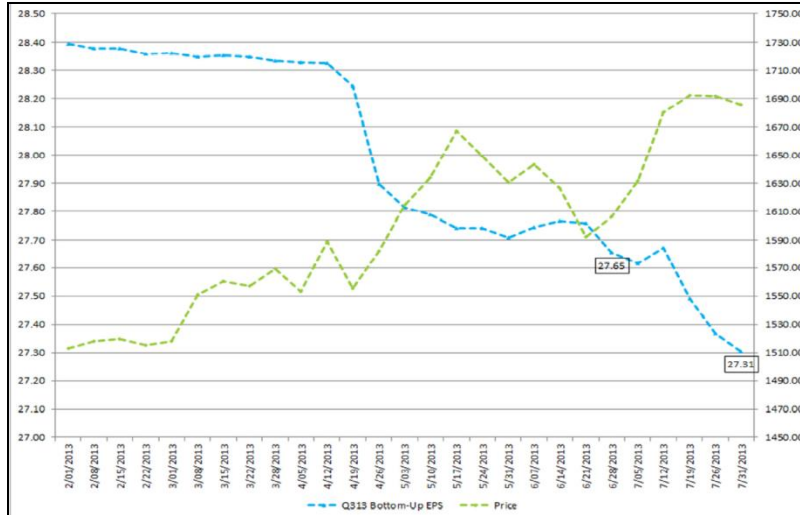


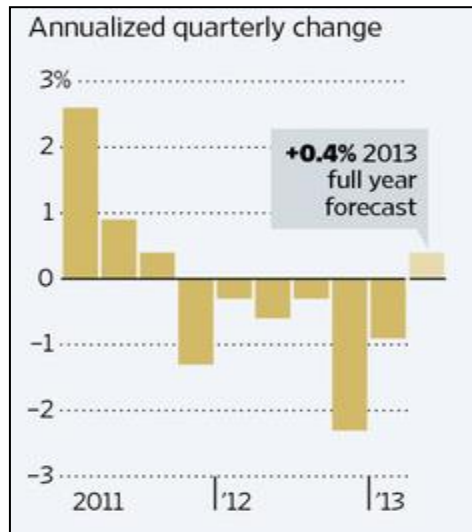
# Market Recap

## S&P 500 Price and Q3 2013 EPS Change



Source: Factset

## Eurozone GDP Forecast



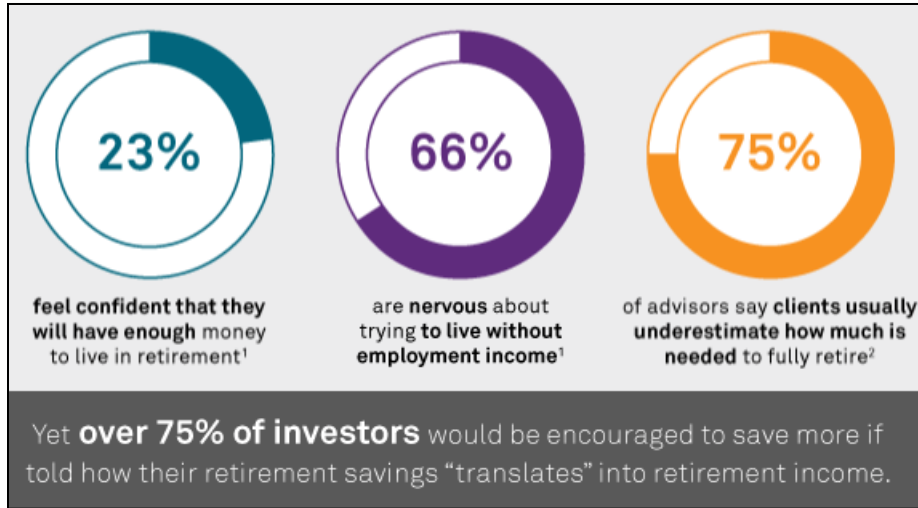
Source: European Commission; WSJ

In July, following guidance by a number of reporting companies, analysts lowered third quarter S&P 500 earnings estimates by 1.2% to \$27.31. Despite the decline in earnings expectations, market performance continued to be strong, resulting in a 4.9% rise in the value of the index during the month. With the second quarter earnings period coming to a close, seventy-three percent of companies have reported *earnings* above estimates, and fifty-five percent of companies have reported *sales* above estimates. These results are consistent with the trends of the past four years, with companies guiding earnings expectations lower to levels that they feel comfortable exceeding, while continuing to face challenges in demonstrating substantial sales growth.

Based on current forecasts, the European recession may finally show signs of easing after enduring six quarters of contraction (Europe's longest recession since World War II). The turnaround has largely been driven by a surge in growth in Germany (the largest economy within the Eurozone), however, others are also strengthening. The central bank of England increased its growth forecast for Great Britain (the second largest economy in the region) this week, and there have been signs of economic improvement in both Italy and Spain (the region's third- and fourth-largest economies). There are several reasons Europe is rebounding: exporters are riding modest global growth; consumers are showing greater willingness to spend; and policy makers are moderating the severe budget cuts that have curbed economic output. Collectively, the data point to the beginnings of an imminent, albeit week, recovery.

# Market Recap

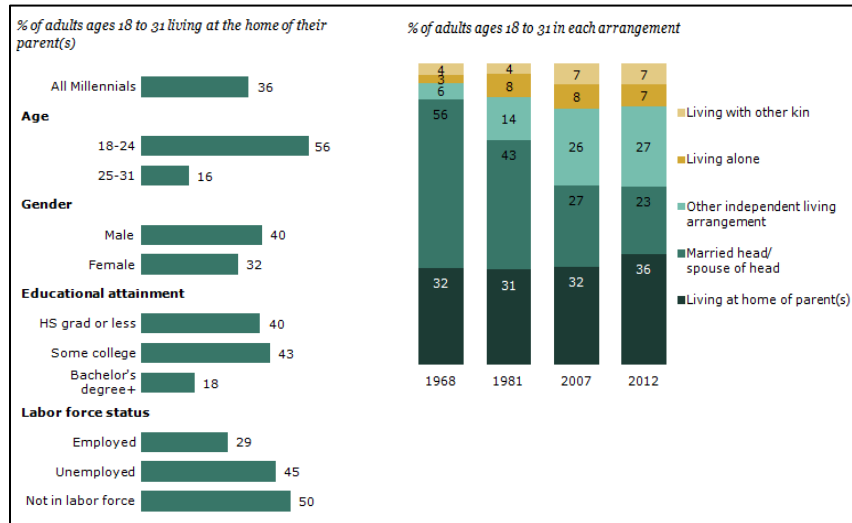
## Retirement Savings Confidence



Source: Blackrock Annual Retirement Survey

According to a recent poll conducted by Blackrock, people aged 55 to 64 are concerned that they will not be able to save enough for retirement, and people already retired worry that they will outlive their nest eggs. Those surveyed indicated concerns centered around increasing longevity of life, coupled with uncertainty regarding appropriate income levels and sources – “how long will I live?”, “how much do I need?”, and “where will it come from?” According to the poll, the vast majority of prospective retirees do not have a true sense of how much they need to save for retirement. As a result, 75% of investors said they would be encouraged to save more if they understood how their retirement savings translated into future retirement income. The basic building blocks of retirement used to be the cash flow provided by monthly checks from a defined benefit pension and Social Security. Today, it's generated by the savings balance in a defined contribution account or IRA.

## Young Adults Living at Home



Source: The Royal Household; Encyclopedia Britannica; The Economist

In 2012, 36% of the nation's Millennial generation (young adults ages 18 to 31) were living in their parents' home, according to a new Pew Research Center report. This is the highest share in at least four decades, up from 32% prior to the Great Recession in 2007. It appears to be a temporary need, as the preponderance of those at home are under age 25, and is more common among young men than their female counterparts (40% versus 32%). It is clear that among the great tolls exacted by the recession is the independence of America's young adults which has been limited by a combination of economic, educational, and cultural factors. Among them: declining employment for recent college graduates, extended school enrollment (students staying in school longer due to bleak work prospects), and a drop in marriage rates among younger adults.

**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](http://www.harbourcapitaladvisors.com).

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