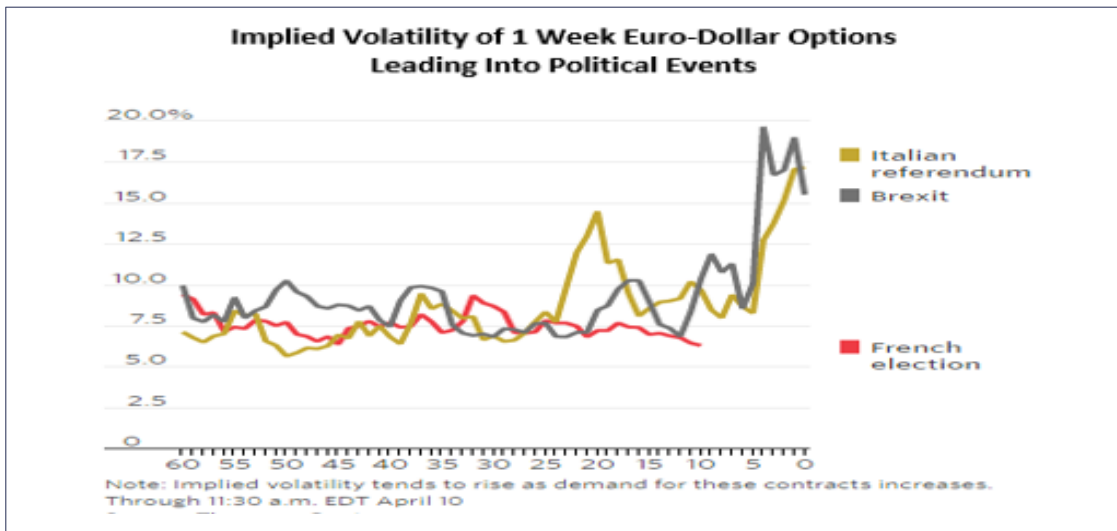


Market Recap

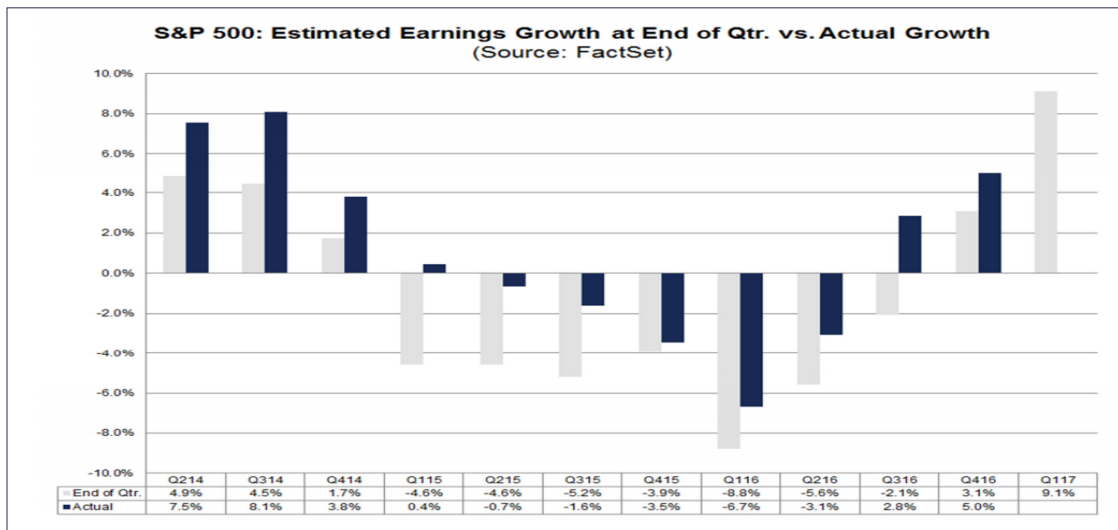
French Elections Could Significantly Alter Power Structure in Europe



France's presidential elections are now 10 days away. While polls and analysts alike suggest that a victory for far-right candidate Marine Le Pen is unlikely, her proposal to pull out of the E.U. has currency traders positioning for a low-probability, high-impact outcome. One Week Euro-Dollar options are contracts that protect investors against a sharp move in the Euro. As implied volatility rises, the expected change in the currency's value due to an event increases, as well. Just as it did leading into Brexit and the Italian Referendum, the implied volatility of the Euro-Dollar is likely to rise as we get closer to the election. The major concern is that a Le Pen victory, and the subsequent French withdrawal from the Eurozone, would remove two of the three major power centers (France and Britain) from the economic block. Fears are rising that the E.U. may thus unravel with Germany the only true economic force remaining.

Source: Thomson Reuters

Earnings Season Under Way



Earnings season kicks off this week, with investors expecting broadly positive first quarter results from S&P 500 firms. Earnings growth for the index relative to the first quarter of 2016 is estimated to increase by 8.9%, which would mark the highest year-over-year growth since Q4 2013. Over the past five years, actual reported earnings growth has exceeded estimates by 4.1%, implying there may be significant upside to current projections as well. On a sector level, Financials, Materials and Technology are expected to post the largest earnings increases, estimated at 14.3%, 13.4%, and 13.1%, respectively. Conversely, Consumer Discretionary, Telecom, and Industrials are expected to serve as drags on the index, coming in at -2%, -3.2% and -7.3%, respectively. On the whole, the first quarter looks strong and continues to mark a recovery from the earnings recession experienced from Q1 2015 through Q2 2016.

Source: Fact Set

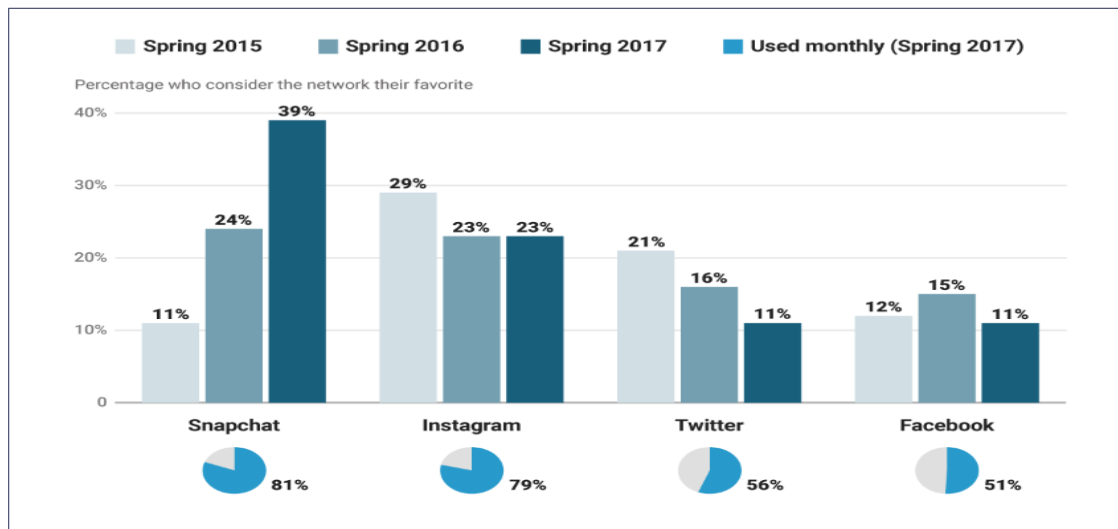
Market Recap

Divergence Between 'Soft' and 'Hard' Data Raises Questions



Source: Morgan Stanley

Favorite Social Networks of U.S. Teens



Source: Business Insider

Buoyed by strong business and consumer confidence surveys, economic forecasts continued to improve in March, suggesting that the global economy is expanding at the fastest rate seen since 2010. These indicators are traditionally referred to as 'soft data,' while more concrete statistics on actual spending and investment are called 'hard data.' Of late, a surprisingly wide divergence between hard and soft data has arisen, causing market analysts to question which data sources will correctly predict future growth. The divergence is especially apparent in the U.S., where hard data models are suggesting Q1 growth of approximately 2% while soft data models show growth closer to 4%. It has been suggested that the post-election surge in confidence may not necessarily flow through to official GDP metrics, which implies that the 4% soft data growth figure is too high. Conversely, U.S. GDP growth for Q1 has been systematically understated by 0.8-1.7% in recent years due to seasonality, which may lead to true GDP growth of somewhere in the middle of the soft and hard data points.

Snapchat may be fending off new product launches from Facebook designed to take market share, but data is showing that it has not fallen out of favor with its core user base. According to a recent Piper Jaffray survey, Snapchat appears to be the app of choice among America's youth for the second straight year. While it remains more or less equal to its main competitor, Instagram, in terms of actual usage (81% of teens use Snapchat every month, while 79% use Instagram), it appears to be pulling away in terms of preference: 39% of teens said Snapchat is their favorite app against just 23% for Instagram. While this is seen as a mostly symbolic data point, it is nonetheless encouraging for Snapchat as it attempts to show resiliency in the face of Instagram product launches designed to steal market share from the fledgling photo messaging app.

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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