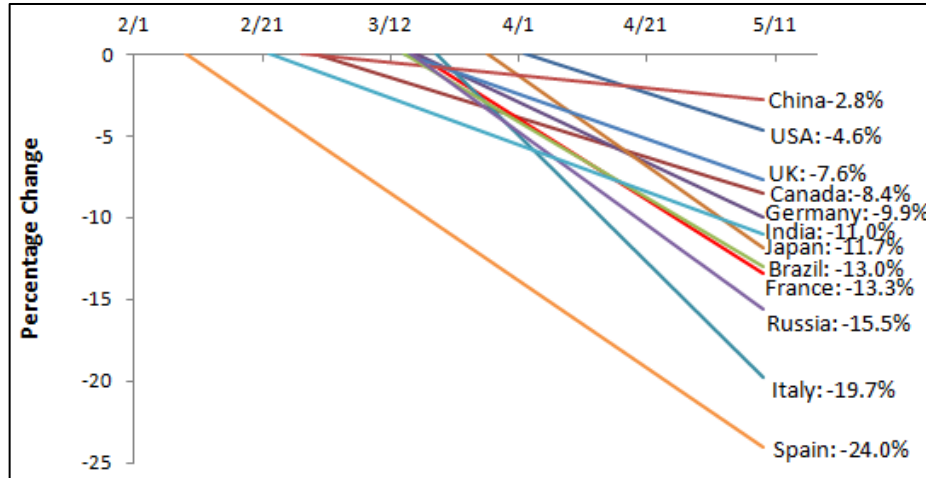


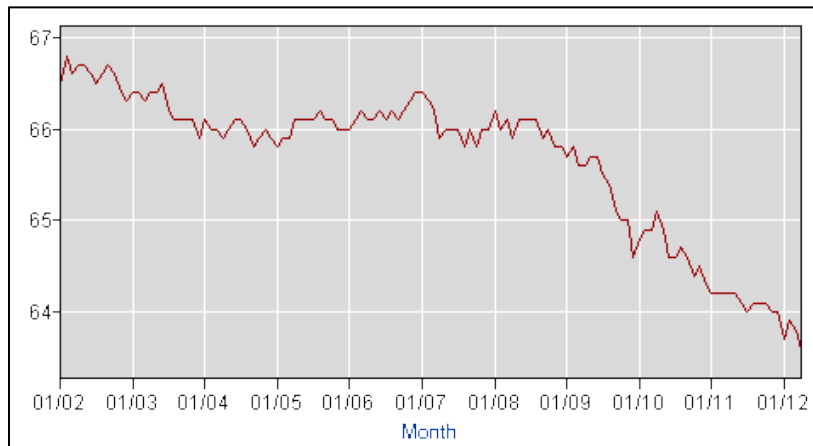
# Market Recap

## Decline from 2012 Market Peaks



Source: Reuters

## Labor Force Participation Rate



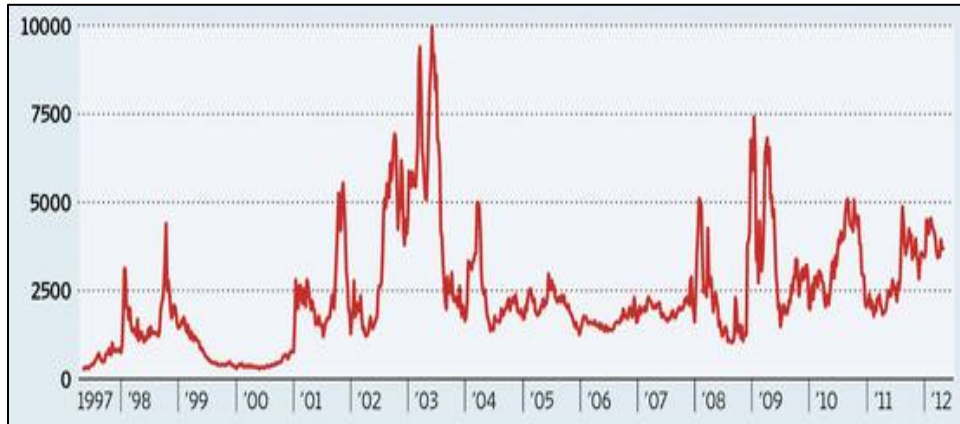
Source: Bureau of Labor Statistics

The last several weeks have been especially challenging for equity markets. Although all major equity markets have fallen from their 2012 peaks, there has been significant variance among global markets. Not surprisingly, Spain was the first to peak and now leads the list of international market declines with a 24% fall from that peak. Although its peak came more than a month later, Italy's decline has been almost equal to that of Spain; it is now down 19.7% from its high. Although U.S. equities are down close to 5% from their highs in April, relative to the rest of the world, the decline has been less dramatic. The only country that has seen less of a decline than the U.S. has been China. In terms of timing, while most countries saw their year-to-date peaks in early to mid-March, U.S. equities held out the longest and didn't peak until April 2nd.

The April jobs report indicated that the unemployment rate has fallen to 8.1% (nearing the 8% level that the Obama administration aimed at with its \$750 billion stimulus bill). However, the news was not all positive. Only 115,000 new jobs were added in April, reflecting signs of potential economic slowdown. Perhaps even more troubling was the drop in the labor force participation rate to 64.3%, its lowest level since 1981. The number of adults not in the labor market is at all time high of 88.4 million. The civilian-employment-to-population ratio of 58.4% is the lowest in 30 years. These figures are clear indicators that many potential workers have given up attempts to find employment. The ratio has fallen steadily since 2009, around the same time that the administration stated its aim to keep unemployment below 8%. If today's labor force participation rate was the same as it was when the Great Recession ended in June 2009 (67.5%), the headline unemployment rate would be 10.9%.

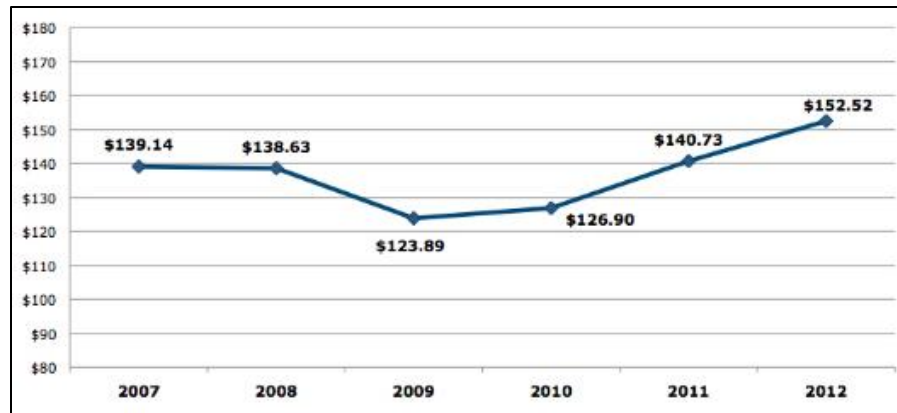
# Market Recap

## Weekly Mortgage Refinance Applications



Source: Mortgage Bankers Association, Freddie Mac, WSJ

## Mother's Day Spending (\$ per U.S. Consumer)



Source: National Retail Federation

With low mortgage rates, re-financing activity has once again climbed to high levels. Nationwide mortgage rates average around 4%, which has helped thousands of Americans free up cash or retire debt. According to Freddie Mac, borrowers who refinanced during the first quarter were able to reduce first-year interest payments by an average of \$2,900. Overall, refinancing over the past three years has unlocked savings worth \$46 billion in the first year of refinancing. The current surge in demand has come at a time when a small handful of banks control a larger share of the mortgage market. Lenders are also being more cautious about to whom they lend money and how they process loans. It now takes the nation's largest mortgage lenders an average of more than 70 days to complete a refinance, up from 45 days a year ago. In addition, many large lenders have boosted their rates due to more limited competition. This increases profits of the lenders at the expense of savings for the borrower.

According to a National Retail Federation survey, total U.S. spending related to Mother's Day is expected to reach \$18.6 billion this year. This figure is 13.8% higher than the \$13.1 billion spent in 2011. The increase is driven by a more-than-8% rise in average per-person spending, from \$140.73 to \$152.52. Overall, three-quarters of respondents plan to spend either the same (57.8%) or more (17.1%) this year. Men will be spending more than women. Men will spend an average of \$189.74, 61.6% more than the average \$117.42 that women will spend. Looking at age-related spending trends, 25-34 year-olds will spend the most on average (\$217), followed by 18-24 year-olds (\$188) and 35-44 year-olds (\$180). The most popular items that consumers will buy on Mother's Day are greeting cards (83%), flowers (66%), a special outing (54%), and gift cards or certificates (40%).

**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).

**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. **CIRCULAR 230 DISCLOSURE: To comply with Treasury Department regulations, we inform you that, unless otherwise expressly indicated, any tax information contained herein is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties that may be imposed under the Internal Revenue Code or any other applicable tax law, or (ii) promoting, marketing, or recommending to another party any transaction, arrangement, or other matter.** 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.