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## 2016 Economic Recap

The US stock markets ended the last month, 4th quarter and the year with a positive return.

Big themes for the year:

- The unimaginable happened. The Brits voted for Brexit. The Americans voted for Trump. It appears that a lot of folks are looking for something new from their governments.
  - On the flip side in government led initiatives: Indian Prime Minister Modi surprised everyone with an almost overnight decision to combat the black market and currency fraud by taking certain large bills out of circulation. Italian Prime Minister Renzi tried to enact major changes to the Italian constitution, but got voted down.
  - Now what? A lot of initial fear followed by a hurry up and wait. Change takes time to implement and even longer to feel the real impact.
- Interest Rates: The markets have been anticipating it for what feels like forever, and at long last, the Fed obliged by actually raising rates. Only this time shouldn't be a repeat of 2015 where they raised rates incrementally, and then ran back into their protective shell. This is likely to be the first in a series of rate hikes.
- Oil prices: They took their own sweet time, but OPEC nations did finally decide to lower production, and oil prices are rising.
- The US dollar stayed strong throughout the year. So it's still a good time for a foreign vacation, but not so good if you're an American business trying to sell your products abroad.
- Social Security: The good news - steps are being taken to keep it solvent. The bad news- these changes mean less flexibility on the receiving end. On the paying end, it means that higher earners will be putting away more into the system as the max income being taxed for SS goes up by a larger than usual 7.3%.

Overall, 2016 was a pretty darn good year for the US economy. Let's hope it can last a little longer. - Anita

	Current Month	Prior Month	4th Quarter	Prior Year	1 Year	52 Week	
	Dec-2016	Sep-2016	% Change	Dec-2015	% Change	High	Low
<b>Dow</b>	19,762.60	18,308.15	8%	17,425.03	13%	19,987.63	15,450.56
<b>S&amp;P 500</b>	2,238.83	2,168.27	3%	2,043.94	10%	2,277.53	1,810.10
<b>NASDAQ</b>	5,383.12	5,312.00	1%	5,007.41	8%	5,512.37	4,209.76
<i>Commodity Prices</i>							
<b>gold</b>	1,152.00	1,318.80	-13%	1,060.50	9%	1,387.10	1,076.60
<b>silver</b>	15.96	19.25	-17%	13.83	15%	21.07	14.26
<b>oil*</b>	53.89	48.05	12%	37.07	45%	55.44	35.10
<i>Yield</i>							
<b>2 Year Treasury</b>	1.21%	0.77%	57%	1.06%	14%	1.32%	0.50%
<b>10 Year Treasury</b>	2.45%	1.60%	53%	2.27%	8%	2.64%	1.32%
<b>30 Year Treasury</b>	3.07%	2.32%	32%	3.02%	2%	3.22%	2.09%
<i>Currencies</i>							
<b>USD/Euro</b>	1.05	1.12	-6%	1.09	-3%	1.16	1.03
<b>Yen/USD</b>	117.00	101.34	15%	120.66	-3%	121.69	99.01
<i>Interest Rates</i>							
<b>Prime</b>	3.75%	3.50%	7%	3.50%	7%	3.75%	3.50%
<b>30 Yr Mortgage</b>	4.21%	3.46%	22%	4.08%	3%	4.29%	3.43%

\*Reflects Dec-30-2016 the last business day of that month.

Data source: [www.WSJ.com](http://www.WSJ.com)

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