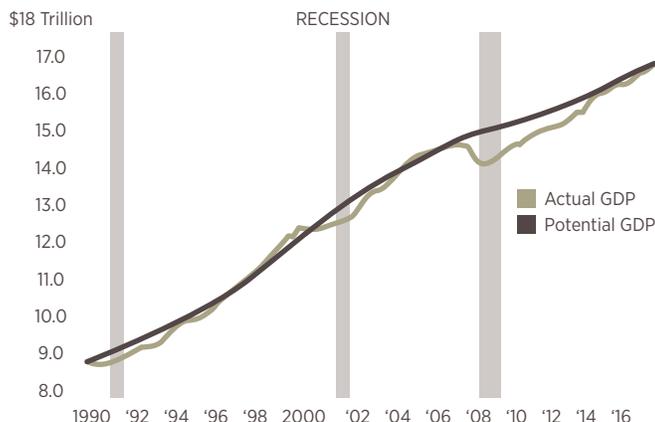


### Chart of the Month →

The US economy is operating at full capacity for the first time since the Great Financial Crisis ten years ago. The chart at right shows the comparison between actual GDP and potential GDP since 1990. The huge gap that opened up during the last recession was the largest in the past 27 years and it has taken a decade for the economy to get back to operating at its potential level. Given low unemployment and high capacity utilization, the Federal Reserve is raising interest rates in an effort to prevent the economy from overheating. We believe economic growth will continue to be strong through 2018 and the Fed will continue to raise rates. Another recession will hit the US economy but we don't think the odds are high for it to happen in 2018.

#### Mind the Output Gap

For the first time since 2007, U.S. economic output in the third quarter was above the Congressional Budget Office's estimate of its maximum sustainable level.



Note: Adjusted for inflation

Source: Congressional Budget Office (potential GDP), Commerce Department (actual GDP)

The Wall Street Journal



### The Advisor Survey:

Andrew Mies, CFA®, Chief Investment Officer

*Lifestyle question: What books would you suggest to kick off 2018?*

**Fiction:** This summer my wife and I decided we were going to read a few books along with our 13 year old. My wife suggested the Ray Bradbury novel *Fahrenheit 451* and then we added *Animal Farm* and *1984*, both by George Orwell. These novels were all written between 1945 and 1953 but still feel relevant nearly 70 years later. An underlying theme is the trade-offs between freedom and security and how these trade-offs can lead to unwanted and unexpected outcomes. Extreme examples include totalitarianism, fascism and communism. Regardless of your political position, these works are useful reminders that thriving societies succeed because different opinions are not only tolerated but actively encouraged.

**Biography:** My favorite book I read this year was *Shoe Dog* by Phil Knight which documents the founding, near failure and eventual incredible success of Nike. It reads like a novel and you aren't always going to be rooting for Phil. You get to read a seemingly unvarnished story of how an iconic company was created.

	Source: FactSet 2017	November	YTD	2016	Benchmark
<b>Stocks</b>	United States	3.1%	20.5%	12.0%	S&P 500
	Intl Developed	1.1%	23.6%	1.5%	MSCI EAFE
	Emerging Markets	0.2%	32.9%	11.6%	MSCI Emerging Markets
<b>Bonds</b>	US Investment Grade	-0.1%	3.1%	2.6%	Barclays US Aggregate
	Intl Investment Grade	2.1%	10.2%	1.5%	Barclays Global Aggregate xUSD
	Global High Yield	0.0%	9.9%	14.3%	Barclays Global High Yield
	Emerging Markets \$	-0.2%	7.8%	9.9%	Barclays Emerging Markets USD Aggregate
<b>Other</b>	Commodities	-0.5%	-1.2%	11.8%	Bloomberg Commodity
	Gold	0.3%	10.7%	8.5%	Gold New York Spot (\$/oz)
	Oil	5.6%	6.8%	44.8%	Crude Oil WTI/Global Spot NYMEX

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