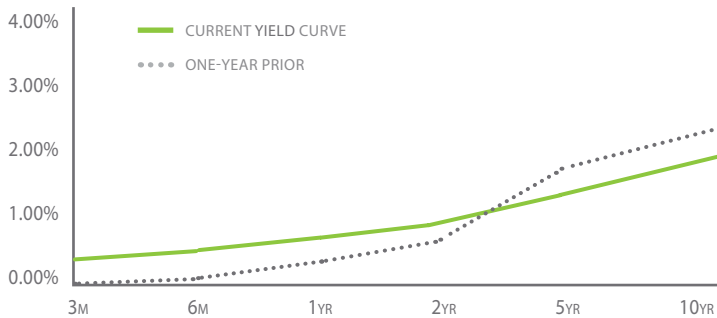


PRUDENT MAN ADVISORS MARKET UPDATE

JUNE 2016

Historical Yield Curve



Source: Bloomberg Finance L.P. 6/2/16

FEATURED ECONOMIC INDICATOR

US Productivity Tumbles

The U.S. economy has experienced a dramatic fall in productivity since the Great Recession. Productivity is defined as output per hours worked in the economy. It decreased at a 2.2% seasonally adjusted annual rate in the fourth quarter. The math is simple - economic growth has been slow while hours worked have increased. A lack of investment by businesses and deteriorating infrastructure may be to blame. Others believe we may be on the cusp of reaping the benefits of new technologies such as social media and artificial intelligence. If productivity does not improve, businesses may cut jobs to reduce costs.

Source: Financial Times, Wall Street Journal, Prudent Man Advisors, Inc.



Source: Bloomberg

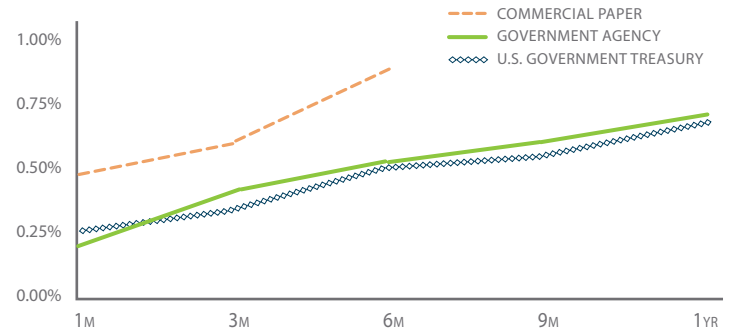
RECENT NEWS

Fed Signals Possible Summer Rate Hike

The Fed, which has struggled with communications in the past year, began the year predicting quarterly rate increases, but held steady in the first quarter as the global economy weakened. After seeing below 1% first quarter US growth, the market priced in less than a 5% chance of a June rate hike. Perceptions changed with the release of the April Fed minutes stating most officials thought "it likely would be appropriate" to raise rates in June if the economy shows clear signs of improvement. Markets now price in an over 20% chance of a June hike and over 60% chance for a hike by July. Despite the new information, questions remain about the Fed's plans. The 10 voting Fed members were described in the minutes as more tempered in their assessment of the chances of a June hike compared to the 17 officials who attend the policy meeting.

Source: New York Times, Wall Street Journal

Indicative Rates



Source: Bloomberg Finance L.P. 6/2/16

Rates do not reflect transaction fees.

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Retail Sales Ex. Auto (MoM)	05/13/16	APR	0.5%	0.8%	0.4% (R)
Core CPI (YoY)	05/17/16	APR	2.1%	2.1%	2.2%
New Home Sales	05/24/16	APR	523K	619K	531K (R)
Personal Income (MoM)	05/31/16	APR	0.4%	0.4%	0.4%
Personal Spending (MoM)	05/31/16	APR	0.7%	1.0%	0.0% (R)
Consumer Confidence	05/31/16	MAY	96.1	92.6	94.7 (R)
ISM Manufacturing	05/31/16	MAY	50.3	51.3	50.8
Change in Nonfarm Payrolls	06/03/16	MAY	160K	--	160K
Unemployment Rate	06/03/16	MAY	4.9%	--	5.0%

Source: Bloomberg Finance L.P., 6/2/16

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