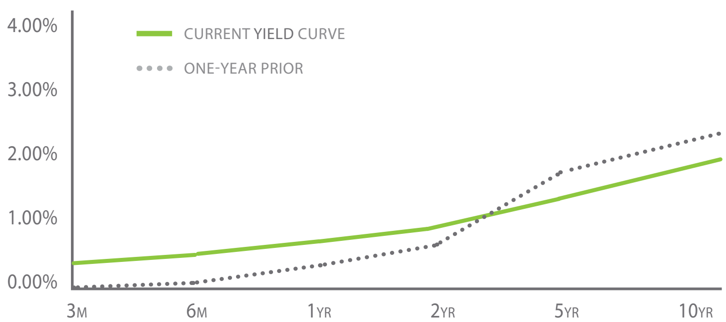
PMA™
PRUDENT MAN ADVISORS

PRUDENT MAN ADVISORS MARKET UPDATE

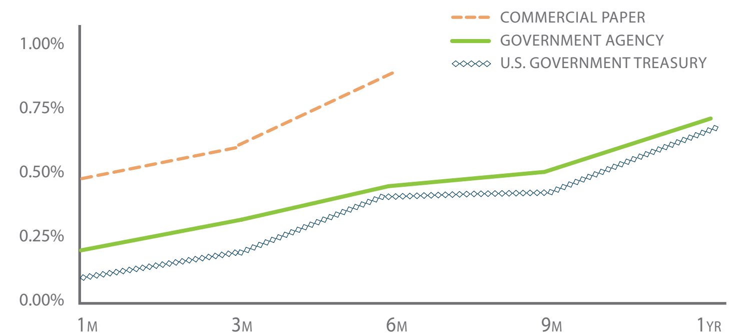
MAY 2016

Historical Yield Curve



Source: Bloomberg Finance L.P. 5/2/16

Indicative Rates



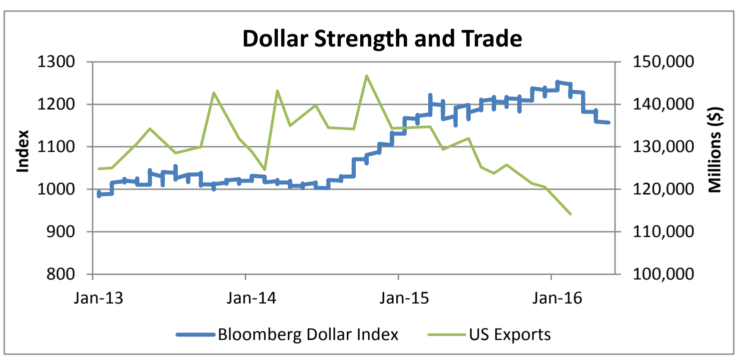
Source: Bloomberg Finance L.P. 5/2/16
Rates do not reflect transaction fees.

FEATURED ECONOMIC INDICATOR

Strong Dollar Hurts Trade

The chart below depicts the inverse relationship between the strength of the dollar and U.S. exports. As the dollar continued to strengthen against a basket of world currencies during 2015, U.S. exports declined. Exporters have trouble competing with countries with weaker currencies and lower prices for goods. In addition, foreign customers cannot afford to buy as many U.S. goods. A recent slide in the dollar could help U.S. exporters in 2016, but further increases in interest rates by the Federal Reserve could cause the dollar to rally.

Source: The Washington Post, Prudent Man Advisors



Source: Bloomberg

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Housing Starts (MoM)	04/19/16	MAR	1.1%	-8.8%	6.9% (R)
Existing Home Sales (MoM)	04/20/16	MAR	3.9%	5.1%	-7.3% (R)
Durable Goods Orders Ex. Transportation (MoM)	04/26/16	MAR	0.5%	-0.2%	-1.3%
Consumer Confidence	04/26/16	APR	95.8	94.2	96.1 (R)
GDP Annualized (QoQ)	04/28/16	1Q A	0.7%	0.5%	1.4%
Personal Income (MoM)	04/29/16	MAR	0.3%	0.4%	0.1% (R)
Personal Spending (MoM)	04/29/16	MAR	0.2%	0.1%	0.2% (R)
Change in Nonfarm Payrolls	05/06/16	APR	195K	--	195K
Unemployment Rate	05/06/16	APR	4.9%	--	5.0%

Source: Bloomberg Finance L.P., 5/2/16

RECENT NEWS

Earnings Pressure Continues

First quarter earnings releases show negative aggregate growth in sales and earnings. This continues a trend that began in 2015 for companies listed on the S&P 500 Index. As described above, a strong dollar is partly responsible. Weak commodity prices have impacted companies in the energy, materials and industrial sectors. Despite the trend, corporate credit spreads have declined from highs reached in February which indicates investors see lower credit risk. Nonetheless, investors may wish to stick to higher quality credits given companies' earnings strains.

Sources: Bloomberg, Prudent Man Advisors, Inc.

Contact Information

JOHN H. HUBER, CFA

Senior Vice President, Chief Investment Officer

Prudent Man Advisors, Inc.
2135 CityGate Lane, 7th Floor
Naperville, IL 60563

Tel: 630.657.6510
Fax: 630.718.8701
Email: jhuber@pmanetwork.com