

GDP (lagging indicator)



Q4, 2015 (Third Estimate)

Expands by a rate of 1.4%

EXISTING HOME SALES



Thru February 2016

Down 7.1%: due to supply and affordability problems.

UNEMPLOYMENT RATE



Thru March 2016

Increased to 5.0% (seasonally adjusted).

CONSUMER PRICE INDEX



February 2016

Declined 0.2% (seasonally adjusted).



In This Issue

Economic News

The Inversion Reversion

Panama Papers Paranoia

Economic News

The US economy followed a relatively static Q4 2015 with an equally static Q1 2016. The national unemployment rate started the quarter at 4.9%, but rose 2% through March 2016, ending Q1 2016 where it ended Q4 2015, at 5.0%. According to the BLS, total nonfarm payroll saw increases of 151,000, 242,000, and 215,000 in January, February, and March, respectfully. Through March 2016, the labor force participation rate is 63 percent, up 0.6 percent since September.

Commonly watched stock markets and indexes moved in different directions over Q1 2016, though movement was limited. During Q1 the Dow Jones increased 1.6 percent; the S&P 500 increased 1.06 percent; the NASDAQ Composite decreased 0.57%; the Russell 2000 decreased 1.77 percent; and the NYSE Composite increased 1.87%.

The federal funds (effective rate) climbed 25 percent over the course of Q1 2016, starting at 0.2 percent and ending at 0.25 percent. Many expect to see further increases by year-end.

The average 30-year fixed rate mortgage dropped in Q1 2016, reversing course from the trend of rising rates that dominated 2015. After beginning the quarter at 3.87%, the average 30-year fixed mortgage dropped to 3.69% by March 31, 2016, representing a 4.65 percent decrease.

Index	1st Qtr	1 Year	5 Year	10 Year
Barclays U.S. Aggregate Index	3.03%	1.96%	3.78%	4.90%
MSCI AC World Ex US Net Total Return	-0.38%	-9.19%	0.31%	1.94%
Russell 2000 Total Return	-1.52%	-9.76%	7.20%	5.26%
S&P 500 Composite Total Return	1.35%	1.78%	11.58%	7.01%

The Inversion Reversion

On April 4th, the US Treasury Department announced further action to stop so-called "Inversion Deals." The rules are intended to make it more difficult for US companies to move their domicile out of the United States where companies are currently paying a corporate tax rate of 35%, thereby shifting profits to companies in lower tax countries in a move that has been recognized as earnings stripping. After the announcement, one of the most notable recent merger deals between Pfizer and Ireland-based Allergan PLC was terminated after Pfizer decided to pull out of its takeover of Allergan. While cheered by the White House, IRS and others, some critics jeered the new rules as causing a
(continued)



FINANCIAL CONCEPTS INC

A MEMBER FIRM OF M FINANCIAL GROUP

Executive Compensation ■ Succession ■ Wealth Transfer Planning

“In the short run, the market is a voting machine but in the long run, it is a weighing machine.”

Benjamin Graham

competitive disadvantage to companies in the global marketplace. The Treasury did state that they will continue to explore additional ways to address tax inversions going forward.

Panama Papers Paranoia

The recent leak of confidential documents from the law firm Mossack Fonseca, based out of Panama, has shed light onto the structure and dealings of high profiled business people and politicians. Offshore companies have been seen as a haven for ultra-high net worth individuals and businesses looking to operate within tax-friendly environments. While these arrangements may be legal, the opacity surrounding their structure and beneficiaries have prompted calls for significant international tax reform.

While a majority of the 11 million documents included within the leak stand to be analyzed, one political regime can already be counted amongst the casualties. Icelandic Prime Minister Sigmundur Gunnlaugsson tendered his resignation amid a firestorm of public protests over his involvement with an undisclosed offshore investment. Many political figures are bound to feel pressure under scrutiny in the coming weeks and months. PM of the UK, David Cameron, is also under fire for offshore holdings in his father's company, which was sold in 2010. It remains to be seen whether he can successfully weather this storm.

With ties that can be traced back to the 2008 financial crisis, the Panama Papers have revealed that Mossack Fonseca potentially facilitated transactions that inflated the economic bubble. Companies with shared beneficiaries made massive loans or transactions to each other, contributing to an overheated market. With this in mind, protection is unlikely to be given to those with undisclosed beneficial positions

The Barclays US Aggregate Bond Index is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The MSCI All Country World Exclude US Net Total Return is a commonly used measure of common stock total return performance of 22 of 23 Developed Markets countries excluding the US. The Russell 2000 Total Return Index is a commonly used measure of small capitalization stocks, The S&P 500 Total Return is a commonly used measure of common stock performance of 500 leading companies in leading industries of the U.S. economy. All referenced indices are unmanaged and not available for direct investment. Past performance is not a guarantee of future results. The information and opinions expressed herein are for general and educational purposes only. Nothing contained in this newsletter is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. Information obtained from third party sources are believed to be reliable but not guaranteed. M Holdings Securities, Inc. makes no representation regarding the accuracy or completeness of information provided herein. All opinions and views constitute our judgments as of the date of writing and are subject to change at any time without notice. 0654-2016

FINANCIAL CONCEPTS INC
24 Frank Lloyd Wright Dr
Suite 3050 H - PO Box 554
Ann Arbor, MI 48106-0554
info@finconcepts.com
www.finconcepts.com

Patrick J. McNamara, MSFS
Firm Managing Principal

Securities Offered through M Holdings Securities, Inc.
A Registered Broker/Dealer. Member FINRA/SIPC.
Financial Concepts Inc is independently owned and operated.



M Holdings Securities, Inc.™