BH | *Beech Hill Advisors*

June 30, 2017

Dear Client:

The economic data was generally positive over the last quarter. Job growth was steady with unemployment at 4.30%, the lowest level since 2001.

The Federal Reserve has forecasted GDP to increase to 2.5% up from 1.4% growth in the first quarter of 2017. Inflation seems to be under control with a Core PCE of 1.40%. Oil is also down over 15% to $46 a barrel year to date.

The Federal Reserve plans to reduce its balance sheet later this year by reducing its Treasuries and mortgage holdings. Furthermore, the Fed has kept to its interest rate policy with one more for 2017 and three in 2018. We will wait and see.

The fixed income markets posted solid returns this quarter. This was partially due to the skepticism with regards to Washington's ability to enact any significant stimulative legislation that would bolster growth and inflation expectations.

Specifically, tax exempt bonds continued to reach new highs with the best six month performance since 2013. Along with new monies flowing into the municipal market with limited supply, the Bloomberg 10 Year Municipal Bond Index returned 2.35% for the QTD.

*Best regards,*
*Stephen Steglitz*
*Beech Hill Advisors, Inc.*