

Fed Policy and Financial Markets

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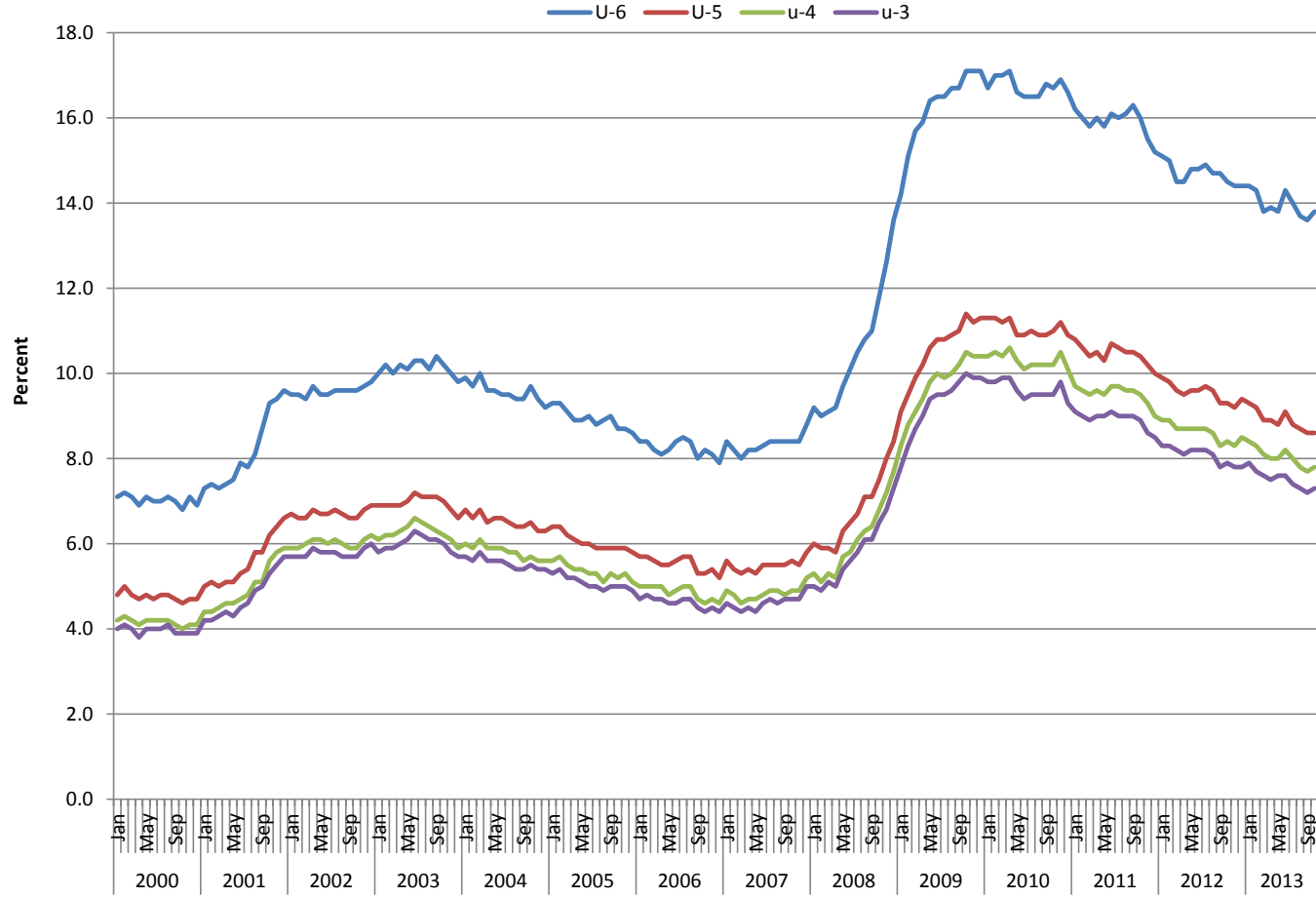
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U3 Through U6

U4 : U3 + "discouraged workers", or those who have stopped looking for work because current economic conditions make them believe that no work is available for them.

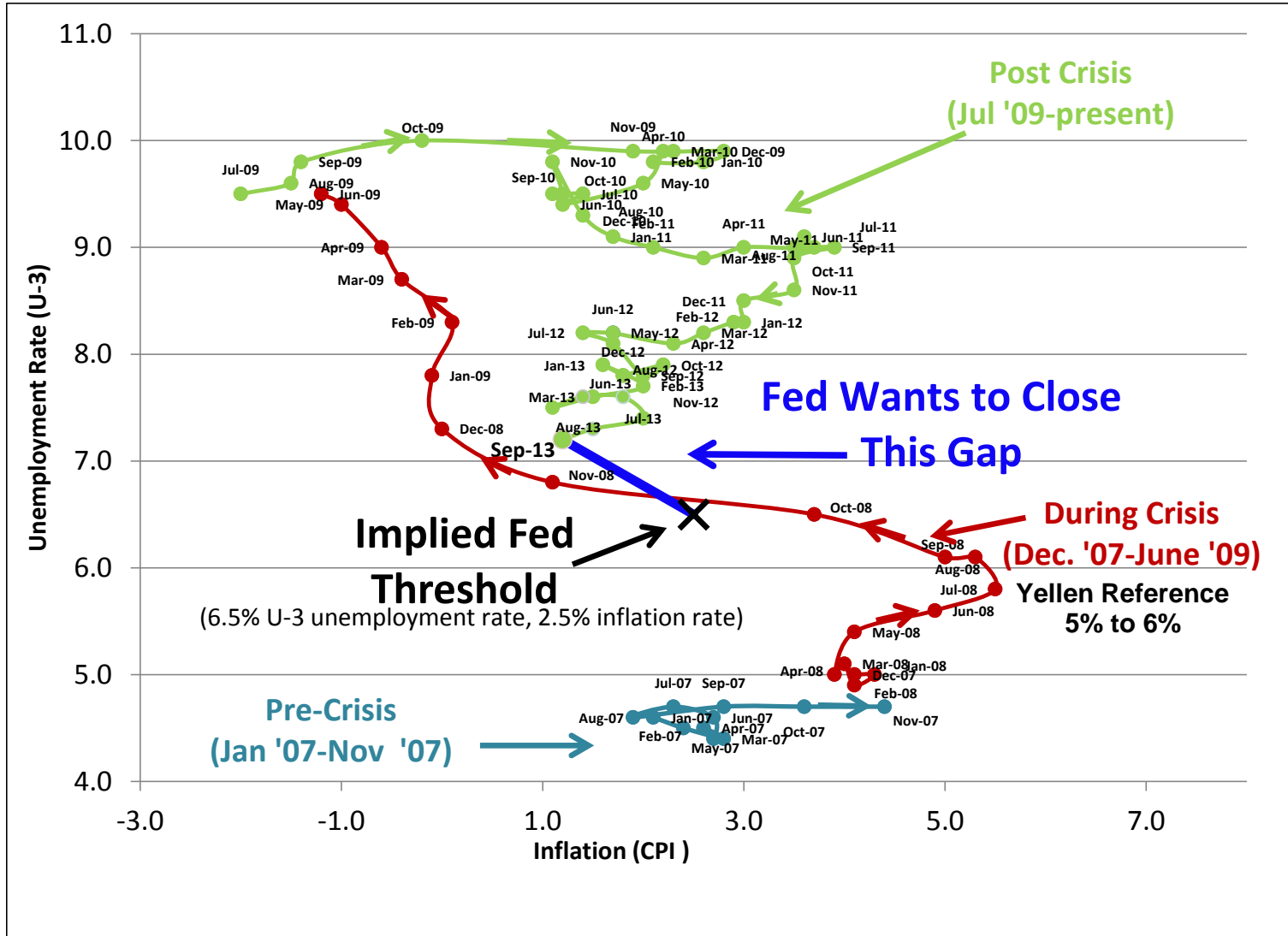
U5 : U4 + other "marginally attached workers", or "loosely attached workers", or those who "would like" and are able to work, but have not looked for work recently.

U6 : U5 + Part time workers who want to work full time, but cannot due to economic reasons.



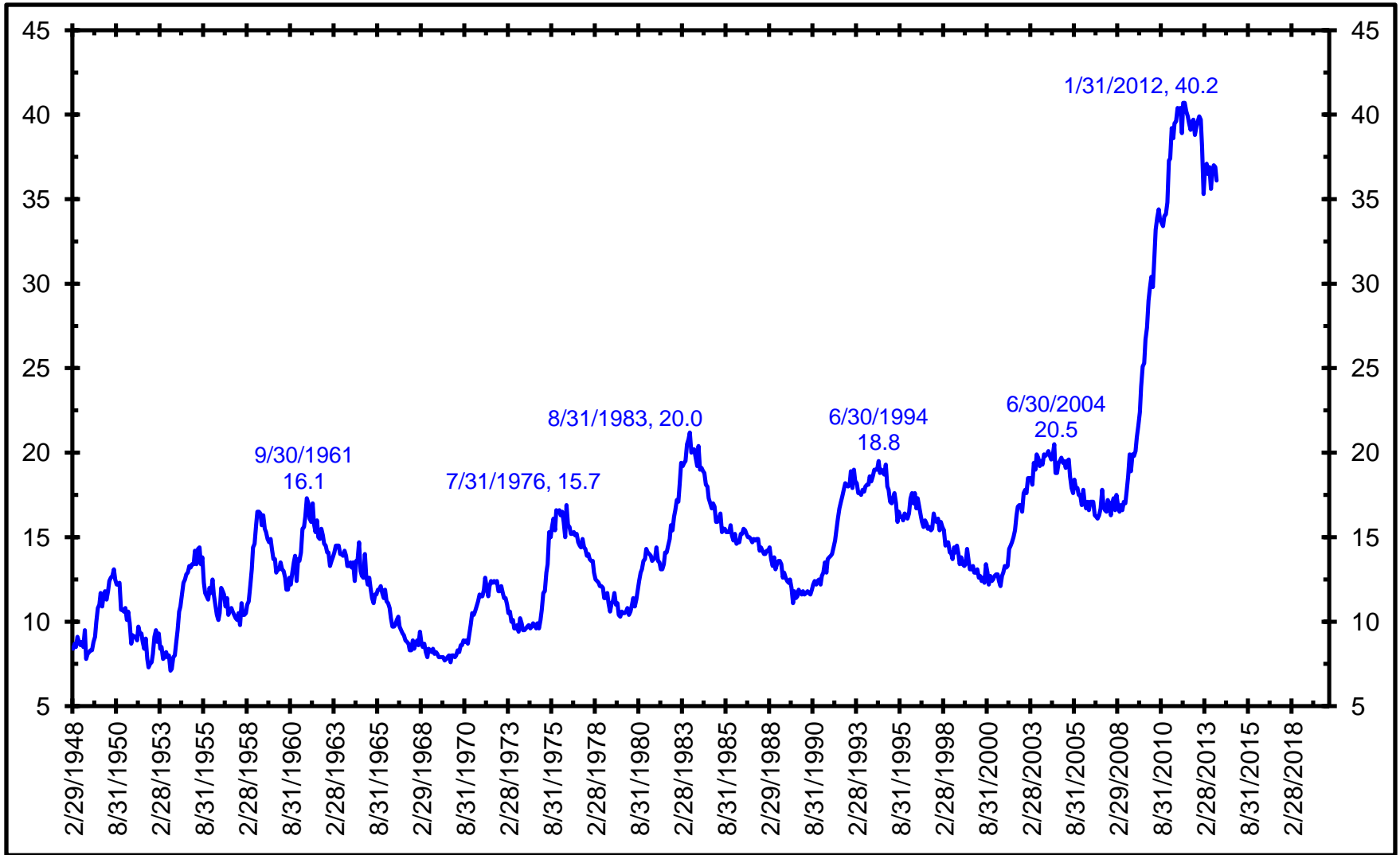
Source: BLS and Cumberland Advisors, Inc. Data through October 2013.

Monthly U-3 Unemployment vs. Inflation



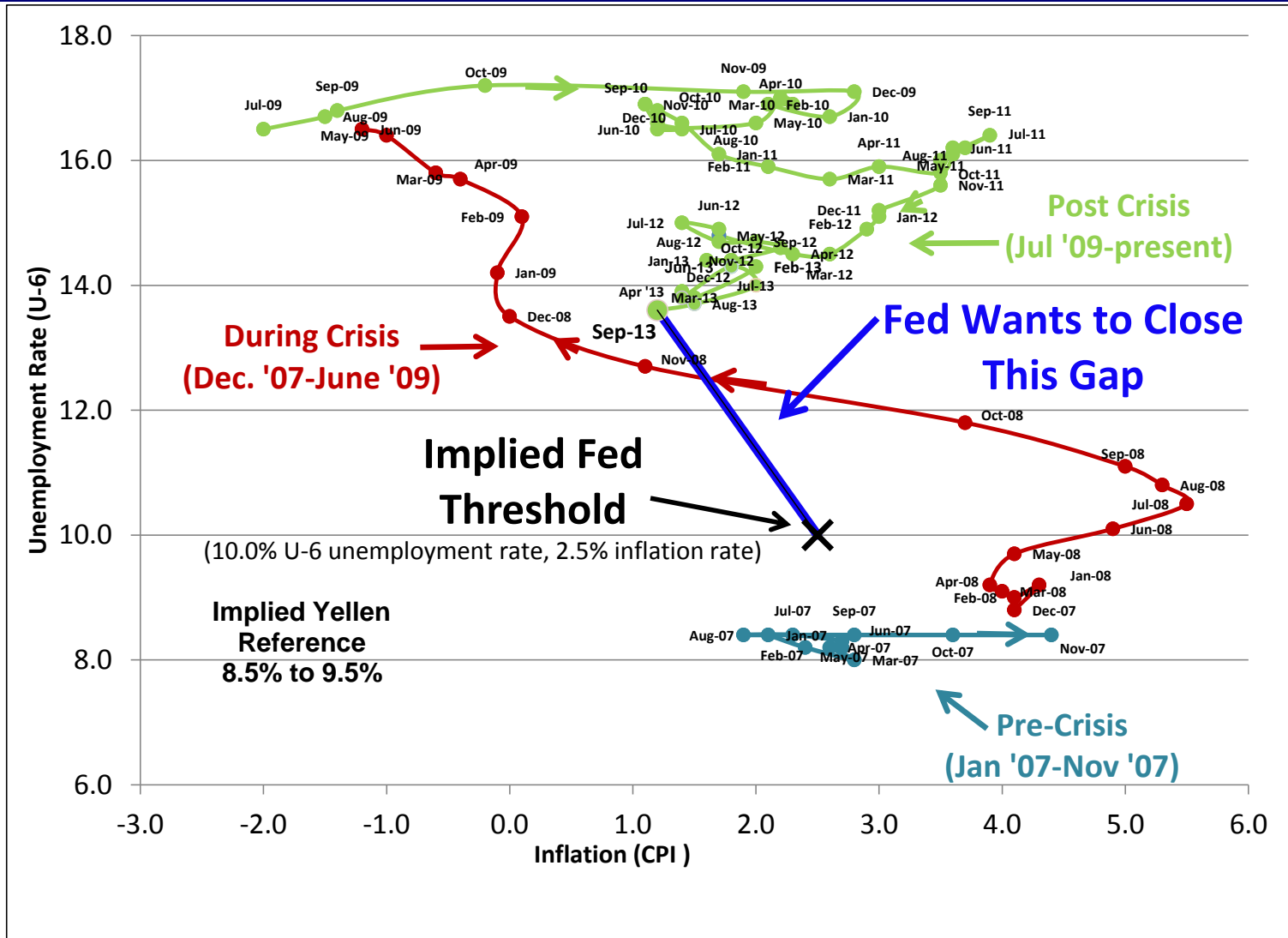
Source: Concept: Thomas W. Synnott. Data: Bureau of Labor Statistics September 2013

Average Number of Weeks Unemployed



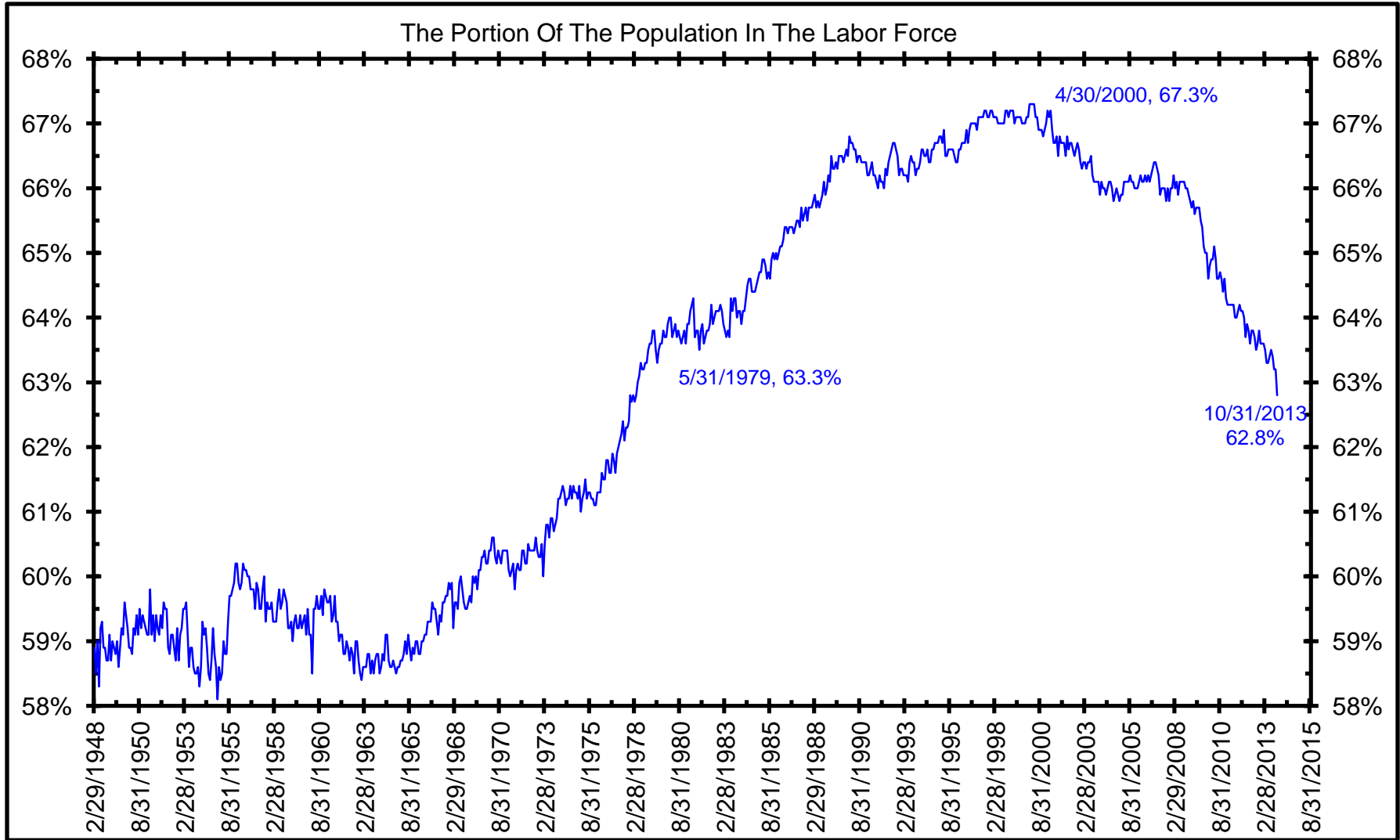
Source: Bianco Research, L.L.C.

Monthly U-6 Unemployment vs. Inflation



Source: Concept: Thomas W. Synnott. Data: Bureau of Labor Statistics September 2013

Total US Labor Force Participation Rate



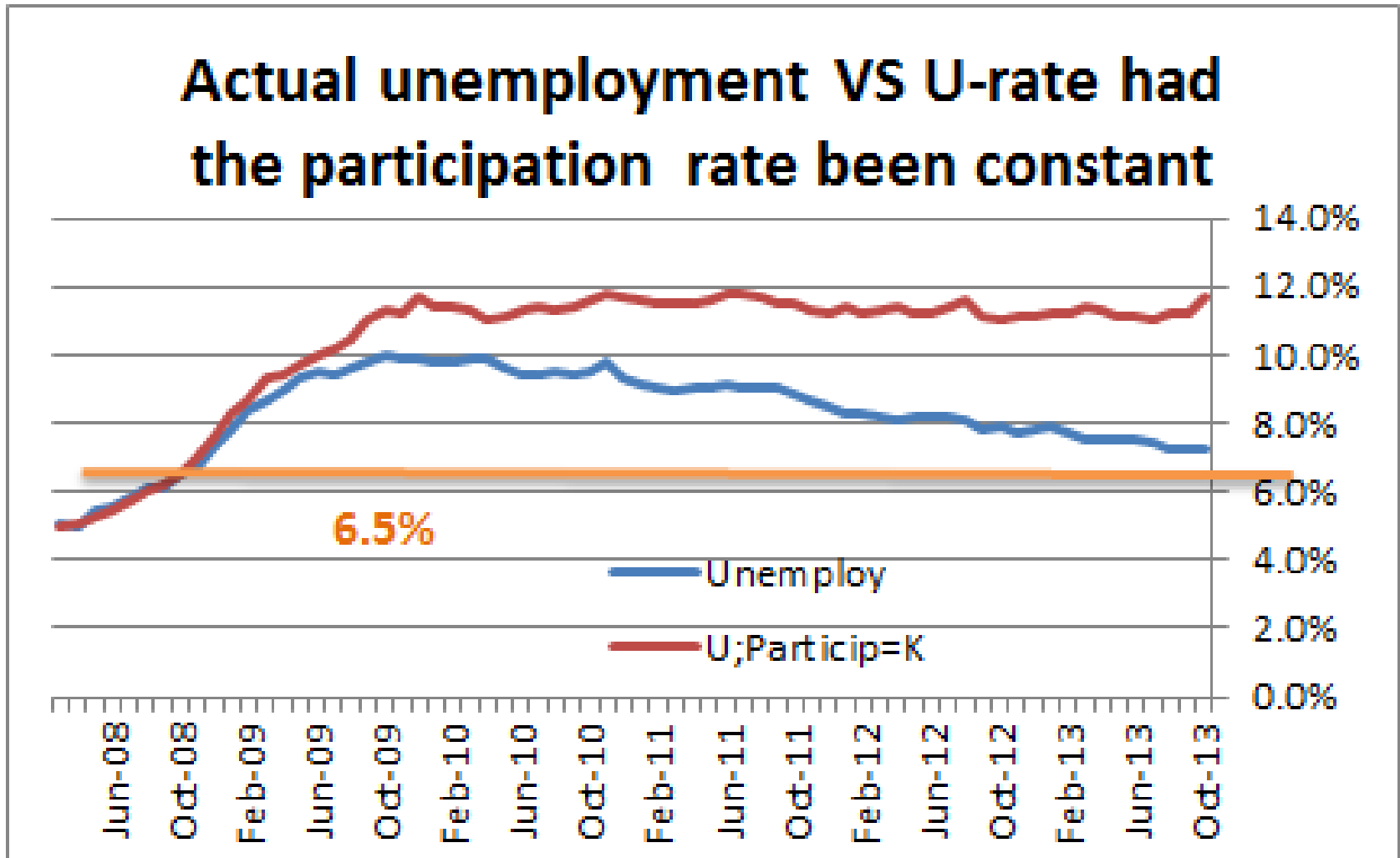
Source: Bianco Research, L.L.C.

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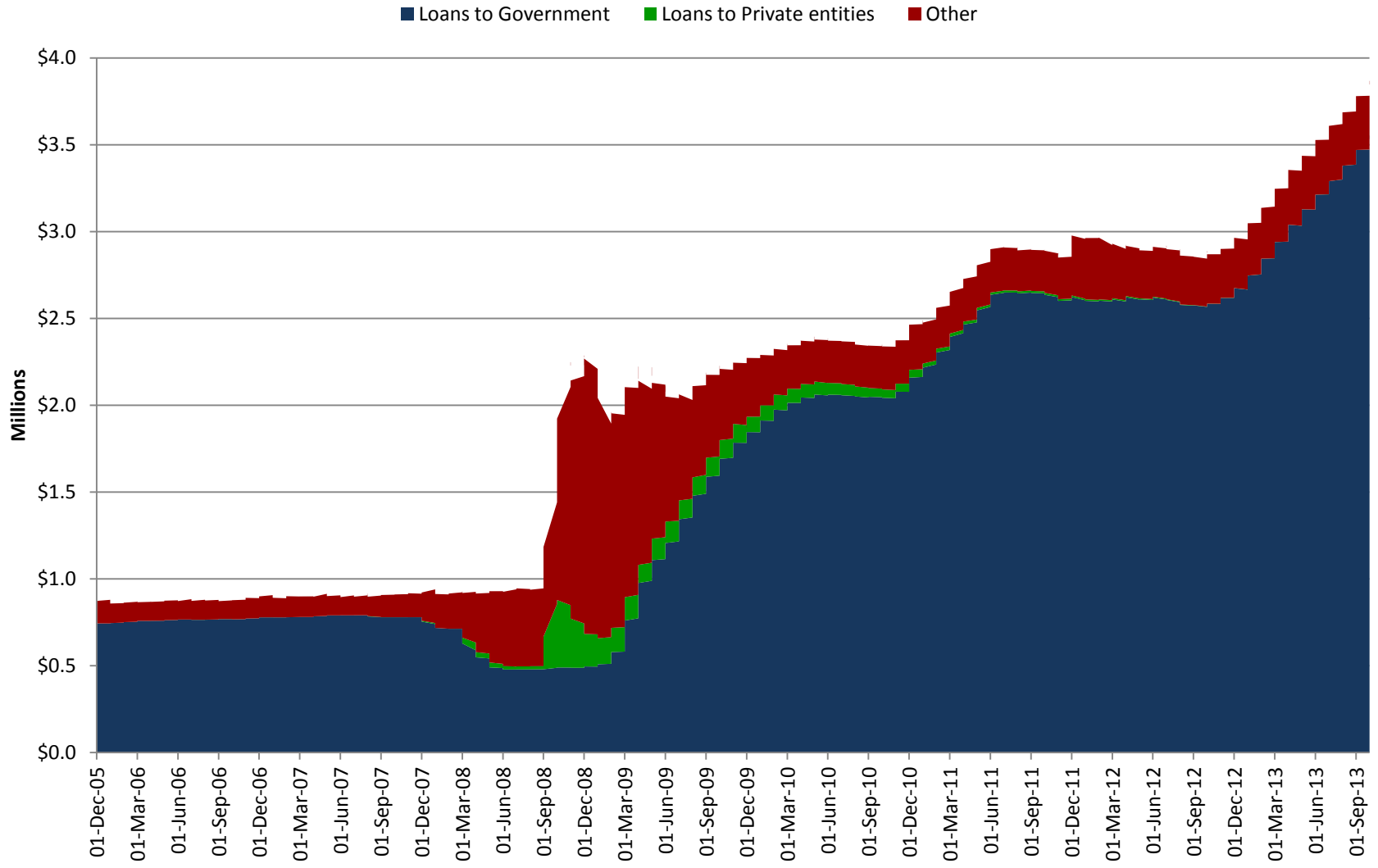
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Unemployment vs. U-Rate



Source: FAO Economics – R. Brusca

Federal Reserve Balance Sheet - Assets



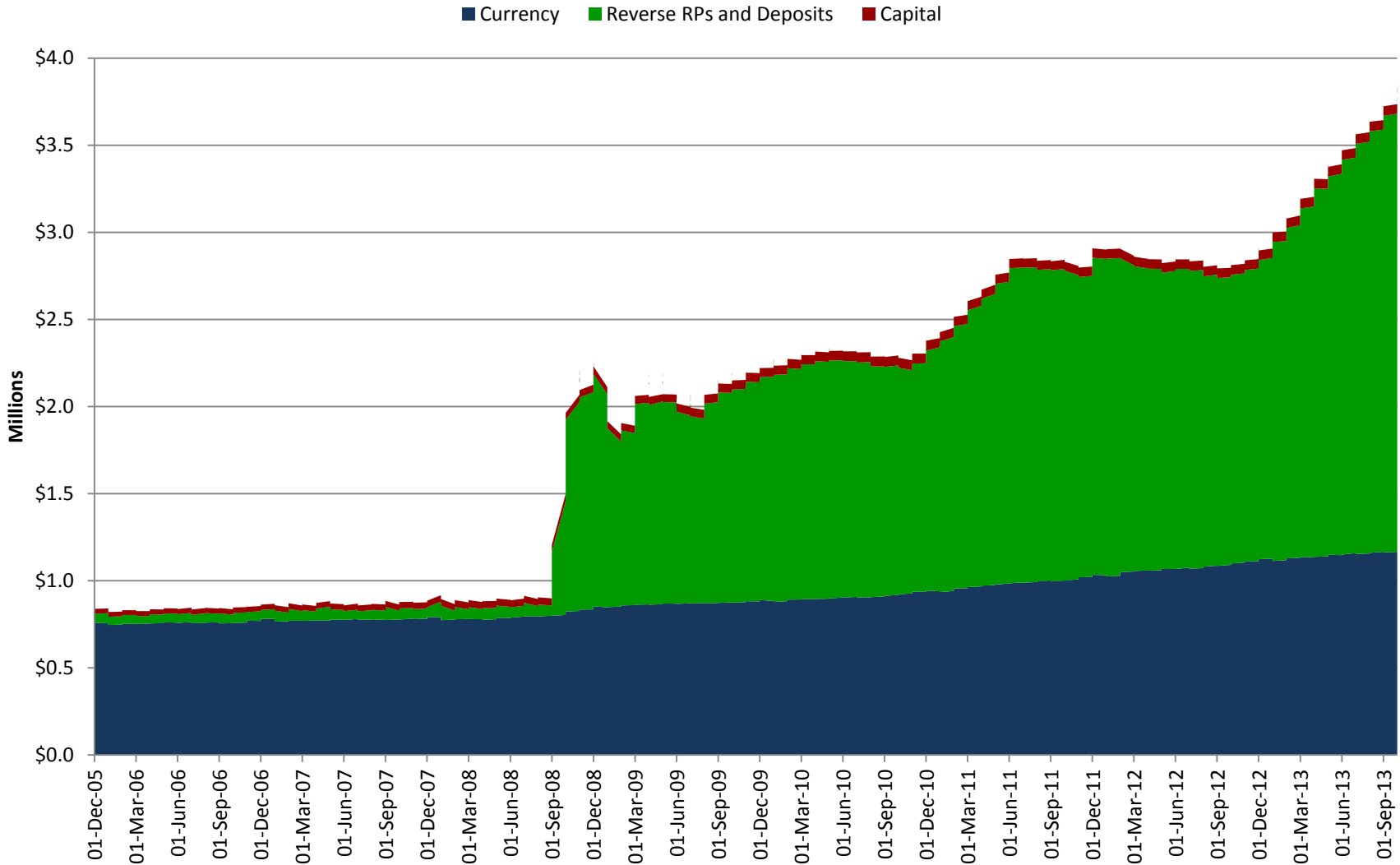
Source: Haver Analytics

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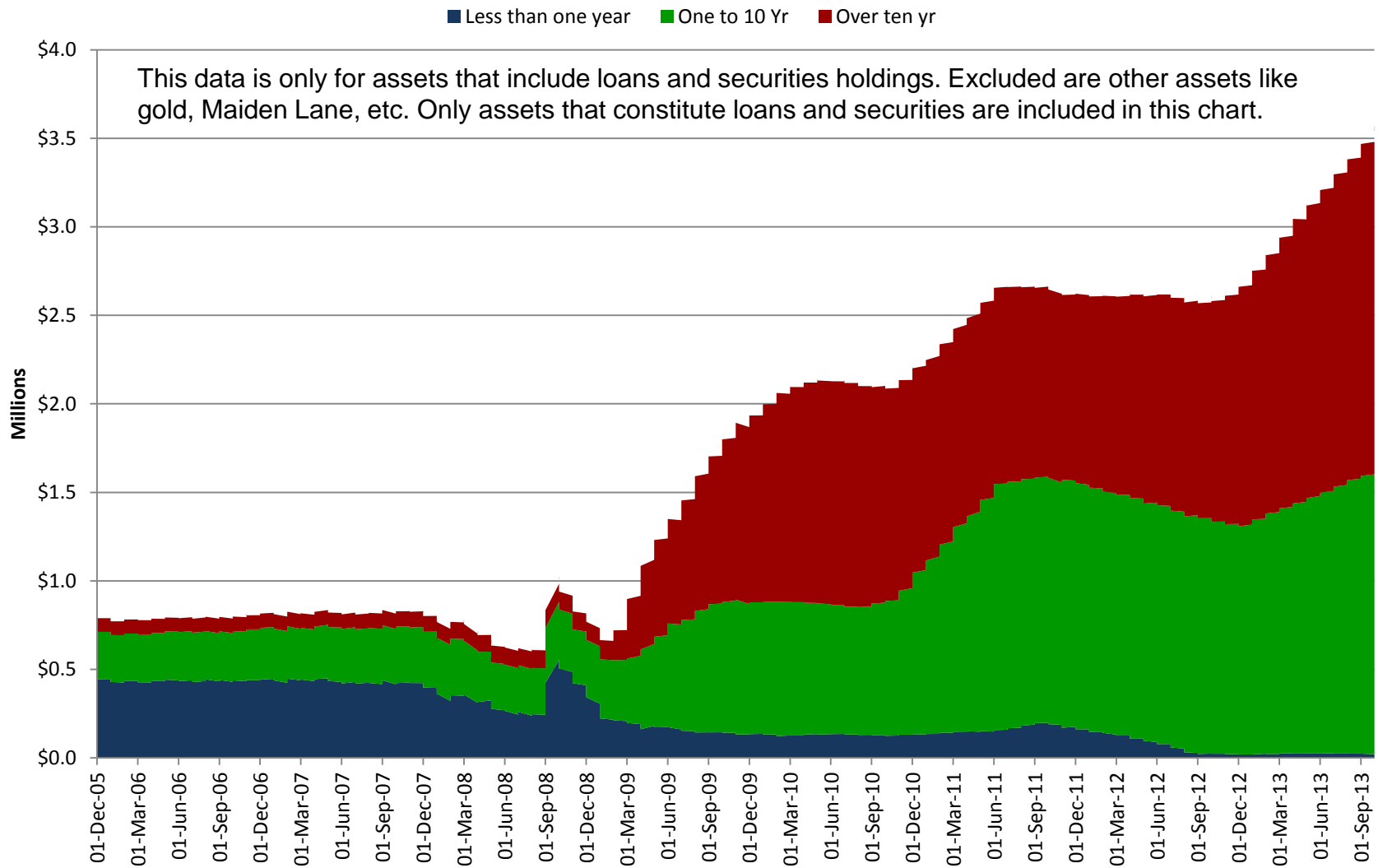
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Federal Reserve Balance Sheet - Liabilities



Source: Haver Analytics

Federal Reserve Maturity Structure - Assets



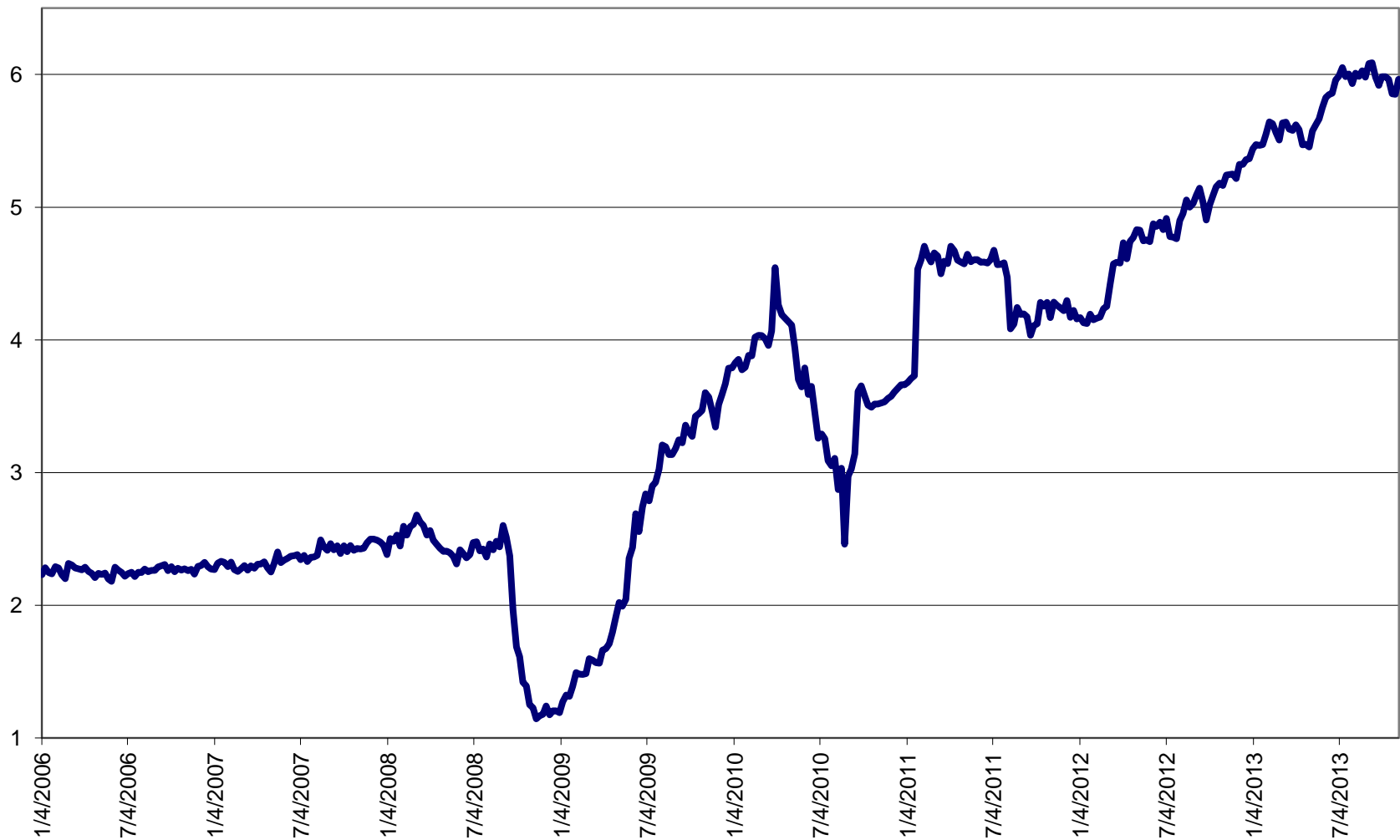
Source: Haver Analytics

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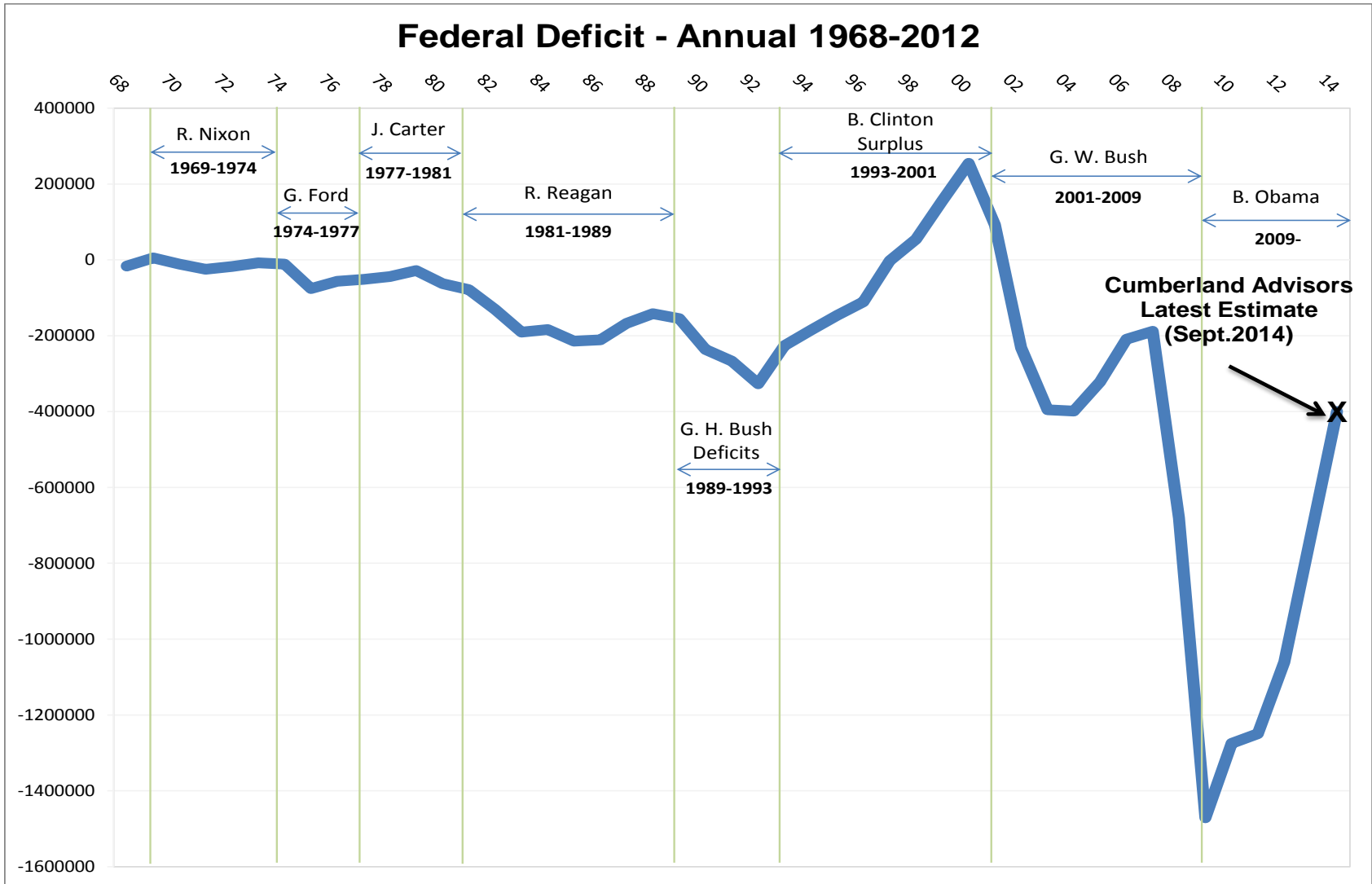
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Estimated Duration of Federal Reserve Assets



Source: Haver Analytics
Federal Reserve leverage and reliance upon bank excess reserves to fund assets as of 11.6.13

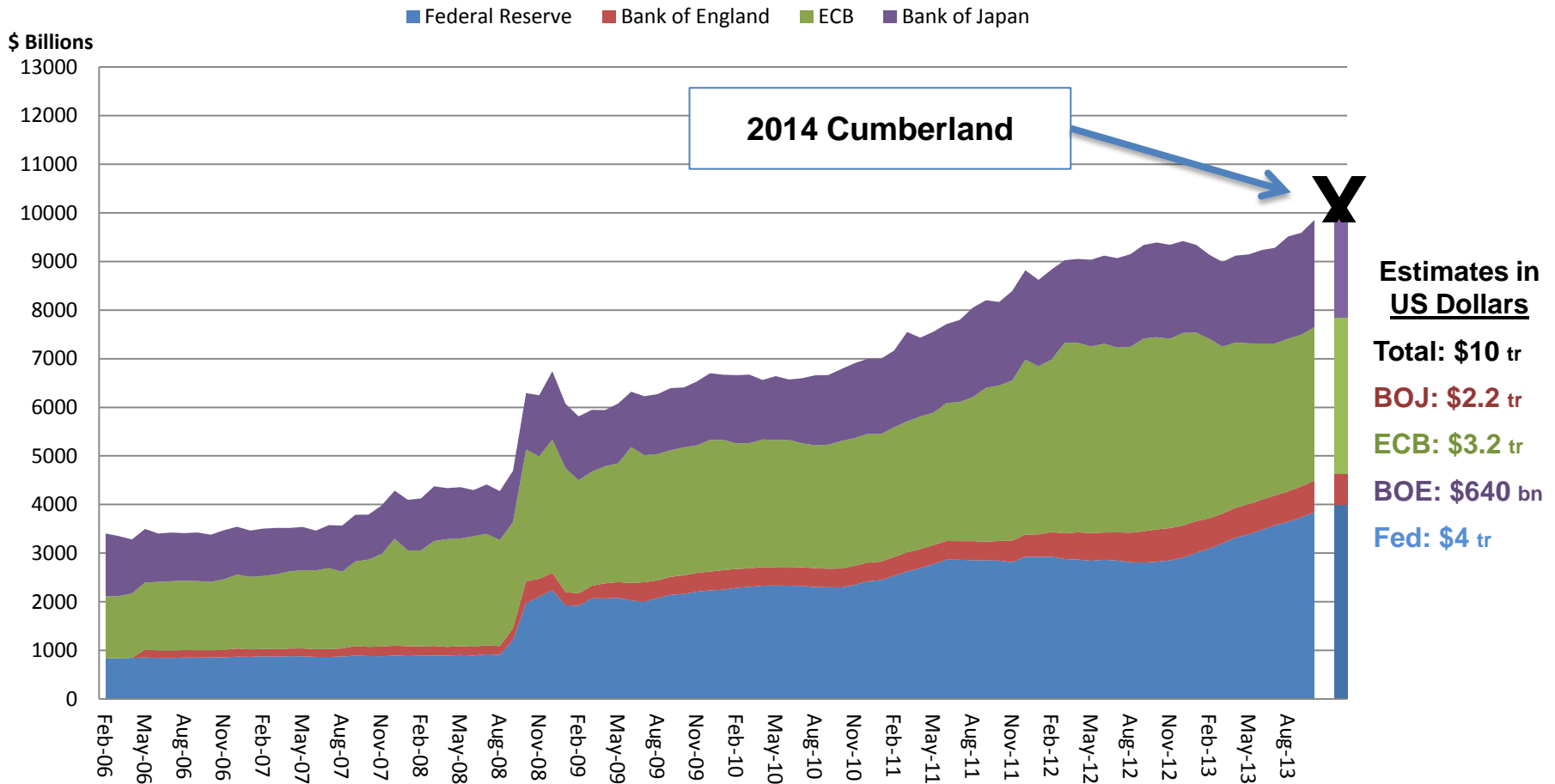
Federal Deficit



Source: Haver

Total Assets of Major Central Banks

Monthly Central Bank Assets (Dollar Equivalents on Left Scale \$ Billions) for US, UK, Japan, and Euro Area from June-06 to Oct-13



Source: Credit Suisse and Cumberland Advisors, Inc.

Snap Shot 1: 5 years



Source: Bloomberg and Cumberland Advisors.

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Snap Shot 2: YTD



Source: Bloomberg and Cumberland Advisors.

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Historical Muni Bond Rates

This graph illustrates the performance of the municipal bond market since 2006. Since then, the market has experienced 3 major selloffs: 1) Flight into Treasuries out of risk, 2) Panic selling because of Meredith-Whitney, 3) Fears of Fed tapering.



Source: Bloomberg and Cumberland Advisors.

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Puerto Rico Complexity



Source: Bloomberg and Cumberland Advisors.

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