

Financial Harmony: A Checklist for New Couples

When there are financial decisions to be made it's important to know where you and your partner stand. The sooner you talk about tough issues like money, the stronger your relationship will be and the sooner you can begin working together to maximize your financial freedom, comfort and security.

Here are a few ideas for new couples:

- Schedule a date to discuss finances. Talk about your earnings, debts, spending and saving habits.
- Develop a budget together. It's the starting point for balancing income and expenses, discussing your plans, and reviewing your financial history.
- Compromise through differences. One of you might be a saver and the other a spender. Create a budget for both.
- Discuss your dreams and goals with each other and how you hope to achieve them.
- Review your investments jointly. Decide if you need to change your investment allocations.
- Make sure you understand where you both want to spend your money.
- Discuss responsibility for paying the bills and balancing the checkbook. How will you collaborate on decisions for larger purchases?
- Don't hide things from each other. It might end up hurting you in the long run.

After you discuss your finances, it's a good idea to set-up an appointment with your financial advisor to discuss your options as a couple. The goal is to establish shared values and a plan for financial security.

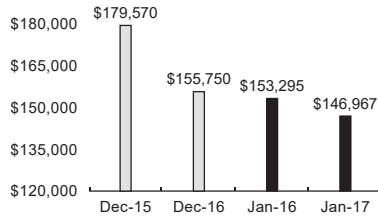
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Pittsburgh Economic Benchmarks

Pittsburgh Median Home Price*

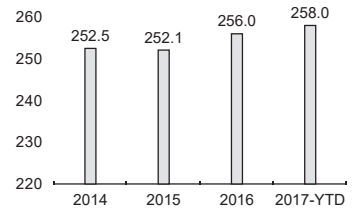
U.S. Median: \$234,200 in November



Source: West Penn Multi-List Inc. * Most recent data available

Pittsburgh* Consumer Price Index

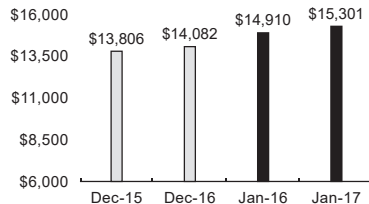
1982-84 = 100 (U.S. Average 241.2) NSA



Source: Bureau of Labor Statistics
*Northeast Urban Region NSA = not seasonally adjusted

Pennsylvania Retail Sales

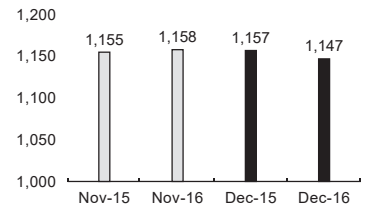
In Millions (000,000s) NSA



Source: Pennsylvania Department of Revenue
NSA = not seasonally adjusted

Pittsburgh Employment

In Thousands (000s) NSA



Source: Bureau of Labor Statistics
NSA = not seasonally adjusted

Inside The Economy

Key Perspectives: Our Economic Outlook, February 2017

The election made investors far more optimistic about the future, but economic improvement will not be easy. Repeatedly over this cycle, optimism about faster growth has fallen victim to economic challenges both in the United States and abroad.

Collapsing energy exploration and production reduced growth in the United States as that sector adjusted to lower oil prices. Consumer spending may have improved partially as a result of lower energy costs, but spending clearly outdistanced income in 2016. When that happened in the past, spending has slowed to match incomes. Like many measures of hope for the future, consumer confidence soared in the wake of the election. For optimism to translate into sustainable spending gains, however, consumers will need stronger income growth.

If anything, businesses became even more confident than consumers as a result of the election. A Conference Board survey of CEOs shows that confidence increased sharply. With hopes of new spending programs, reduced tax rates and regulatory simplification, it is not surprising that businesses would be enthusiastic. Still, most businesses will want to see results in Washington before they modify their own business plans.

Service industries have provided a solid base of growth for the U.S. economy, in part because they have been less affected by excess capacity and the competitive pressures of selling overseas. But it was the improvements in manufacturing, due to energy's rebound and a better global outlook, that generated the most significant change in 2016.

Most overseas economies now show better growth. As in the United States, manufacturers still struggle with a significant excess of manufacturing capacity, but improving output has alleviated the anxiety about global recession.

In summary, the (partial) rebound of energy activity has helped the U.S. industrial economy rebound. Accelerated consumer spending also helped, as consumers have spent on cars, housing and other goods. Although U.S. exporters are still fighting the effects of a strong dollar, improving economies overseas have at least generated stronger international demand. Earnings growth also seems to have turned the corner, so earnings reports could provide better support for equity prices in the coming months.

Still, inflation has risen as energy prices rebounded, which makes rate hikes more likely. With an aging economic cycle, rising interest rates and some tightening of lending standards the headwinds to growth over the coming months may be stronger than many economic observers expect.

Author: Bruce McCain, Chief Investment Strategist, Key Private Bank

Local Trends

Pittsburgh Employment Construction Workers

2010	47,500
2011	51,400
2012	51,800
2013	51,800
2014	53,400
2015	52,200
2016	50,800

Source: Bureau of Labor Statistics

Average Weekly Wage Q2-16 Avg. County Weekly Wage

Allegheny	\$1,045
Armstrong	\$717
Beaver	\$764
Butler	\$910
Fayette	\$682
Washington	\$934
Westmoreland	\$781

Source: Bureau of Labor Statistics

Pittsburgh Employment Education and Health Services

2010	239,500
2011	243,200
2012	242,400
2013	241,100
2014	245,500
2015	250,500
2016	245,000

Source: Bureau of Labor Statistics

Pennsylvania Population Forecast for 2030

Age	2000 Total	2030 Forecast	Change from 2000	Percent Change
Under 18	2,922,221	2,746,199	-176,022	-6.0%
5-17	2,194,417	2,011,988	-182,429	-8.3%
18-24	1,094,449	1,037,383	-57,066	-5.2%
25-44	3,508,562	3,078,202	-430,360	-12.3%
45-64	2,836,657	3,016,332	179,675	6.3%
65+	1,919,165	2,890,068	970,903	50.6%
Total	12,281,054	12,768,184	487,130	4.0%

Source: U.S. Census Bureau



Quick Fact

+0.4%

The total increase in the Pittsburgh MSA within the Private sector between December 2015 and December 2016. During that time a total of 3,700 jobs were added in that sector.

Source: Bureau of Labor Statistics

National Trends

U.S. Employment Outlook

	Increase	Decrease	No Change	Don't know	Net Employment Outlook
Q1-2017	19%	6%	73%	2%	16%
Q4-2016	22%	6%	69%	3%	16%
Q3-2016	23%	5%	71%	1%	18%
Q2-2016	22%	4%	72%	2%	18%
Q1-2016	20%	6%	72%	2%	14%

Sources: Manpower Survey Q1-2017
Data is based on interviews with 18,000 employers, who were asked how the current employment situation will change in the next three months.

U.S. Job Openings, SAAR

Survey Date	Job Openings (000s)
October 2016	5,534
September 2016	5,486
August 2016	5,443
July 2016	5,871
June 2016	5,624
May 2016	5,500
April 2016	5,788
March 2016	5,757

Source: Bureau of Labor Statistics SAAR = seasonally adjusted annual rate

Employment Cost Index, NSA

	Index Number	12-Month Change
Q4-2015	125.1	+2.3%
Q1-2016	126.1	+2.1%
Q2-2016	126.7	+2.3%
Q3-2016	127.5	+2.4%

Source: BLS 2005 = 100.0 NSA = not seasonally adjusted

Consumer Price Index: Medical, NSA

	Nov-15	Nov-16	Y-Y Change
Medical care	451.3	469.3	+3.2%
Medical care services	481.8	500.6	+3.9%
Hospital services*	294.7	307.4	+4.3%
U.S. all items	237.3	241.3	+1.1%

Source: BLS NSA = not seasonally adjusted
1982=86 = 100.0 *1996 = 100.0

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
September-15	341.9	476.8	1,133.0
September-16	327.8	438.7	1,109.3
October-15	337.9	480.2	1,226.1
October-16	315.2	421.8	1,172.6

Source: Bureau of Economic Analysis

Personal Income

In billions of dollars, SAAR

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Personal income	\$15,883 ▼	\$16,023 ▲	\$16,049 ▲	\$16,089 ▲	\$16,260 ▲
Disposable personal income	\$13,941 ▲	\$14,059 ▲	\$14,075 ▲	\$14,107 ▲	\$14,251 ▲
Personal consumption expenditures	\$12,738 ▲	\$12,797 ▲	\$12,802 ▲	\$12,844 ▲	\$12,924 ▲

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

Gross Domestic Product

Q3-15	2.0%
Q4-15	1.4%
Q1-16	0.8%
Q2-16	1.4%
Q3-16 (r)	3.2%

Source: Bureau of Economic Analysis
(r) = revised (p) = preliminary
Percent change from prior qtr.

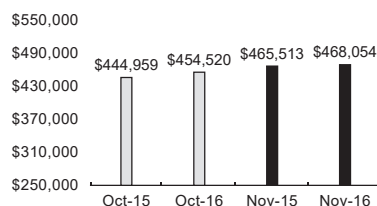
Consumer Confidence Index

Jul-16	96.7
Aug-16	101.8
Sep-16	103.5
Oct-16 (r)	100.8
Nov-16 (p)	107.1

Source: The Conference Board 1985 = 100
(r) = revised (p) = preliminary

Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce
NSA = not seasonally adjusted