

Stock Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Dow Jones Industrial Avg. (18,146)	0.09%	6.38%	8.58%	0.21%	11.76%
S&P 500 (2,141)	0.41%	6.60%	8.40%	1.37%	13.97%
NASDAQ 100 (4,852)	0.90%	6.71%	11.36%	9.75%	17.28%
S&P 500 Growth	0.63%	5.33%	7.81%	5.51%	14.54%
S&P 500 Value	0.18%	7.93%	8.87%	-3.14%	13.33%
S&P MidCap 400 Growth	0.18%	7.42%	6.88%	2.01%	13.07%
S&P MidCap 400 Value	0.73%	13.81%	11.27%	-6.66%	14.50%
S&P SmallCap 600 Growth	-0.86%	7.63%	7.55%	2.74%	14.61%
S&P SmallCap 600 Value	0.15%	13.56%	12.34%	-6.70%	14.93%
MSCI EAFE	0.49%	0.02%	-2.09%	-0.81%	5.58%
MSCI World (ex US)	0.78%	4.82%	0.96%	-5.66%	4.53%
MSCI World	0.46%	4.12%	3.81%	-0.87%	9.56%
MSCI Emerging Markets	1.59%	17.07%	8.57%	-14.92%	2.28%
S&P GSCI	0.05%	7.77%	-9.28%	-32.86%	-13.34%

Source: Bloomberg. Returns are total returns. The 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/21/16.

S&P Sector Performance

Index	Week	YTD	12-mo.	2015	5-yr.
Consumer Discretionary	0.95%	3.08%	3.54%	10.11%	17.10%
Consumer Staples	-0.29%	5.45%	7.53%	6.60%	13.70%
Energy	0.51%	17.96%	7.52%	-21.12%	2.75%
Financials	1.19%	3.21%	5.49%	-1.56%	15.27%
Health Care	0.13%	-2.00%	3.84%	6.89%	18.18%
Industrials	-0.36%	8.24%	9.57%	-2.56%	14.41%
Information Technology	0.75%	12.62%	16.55%	5.92%	16.02%
Materials	1.58%	9.84%	10.72%	-8.38%	9.48%
Telecom Services	-3.80%	10.96%	13.87%	3.40%	10.22%
Utilities	0.55%	13.82%	10.94%	-4.84%	10.81%

Source: Bloomberg. Returns are total returns. The 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/21/16.

Bond Index Performance

Index	Week	YTD	12-mo.	2015	5-yr.
U.S. Treasury: Intermediate	0.19%	3.05%	2.02%	1.18%	1.66%
GNMA 30 Year	0.14%	3.30%	3.15%	1.41%	2.48%
U.S. Aggregate	0.33%	5.43%	4.35%	0.55%	3.11%
U.S. Corporate High Yield	0.58%	16.41%	11.08%	-4.47%	7.78%
U.S. Corporate Investment Grade	0.51%	9.11%	7.50%	-0.68%	5.05%
Municipal Bond: Long Bond (22+)	0.08%	4.57%	6.79%	4.52%	6.22%
Global Aggregate	0.01%	7.38%	5.20%	-3.15%	1.06%

Source: Barclays Capital. Returns are total returns. The 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/21/16.

Key Rates

As of 10/21/16			
Fed Funds	0.25-0.50%	5-yr CD	1.66%
LIBOR (1-month)	0.53%	2-yr T-Note	0.82%
CPI - Headline	1.50%	5-yr T-Note	1.24%
CPI - Core	2.20%	10-yr T-Note	1.74%
Money Market Accts.	0.52%	30-yr T-Bond	2.49%
Money Market Funds	0.14%	30-yr Mortgage Refinance	3.49%
6-mo CD	0.74%	Prime Rate	3.50%
1-yr CD	1.18%	Bond Buyer 40	3.94%

Sources: Bankrate.com, iMoneyNet.com and Bloomberg.

Market Indicators

As of 10/21/16	
TED Spread	55 bps
Investment Grade Spread (A2)	148 bps
ML High Yield Master II Index Spread	462 bps

Sources: Bloomberg and Merrill Lynch via Bloomberg.

Weekly Fund Flows

Estimated Flows to Long-Term Mutual Funds for the Week Ended 10/12/16

	Current Week		Previous	
Domestic Equity	-\$4.255	Billion	-\$7.549	Billion
Foreign Equity	-\$846	Million	-\$4.109	Billion
Taxable Bond	\$3.015	Billion	\$4.696	Billion
Municipal Bond	\$158	Million	\$787	Million

Change in Money Market Fund Assets for the Week Ended 10/19/16

	Current Week		Previous	
Retail	\$9.15	Billion	-\$3.41	Billion
Institutional	-\$22.61	Billion	-\$2.81	Billion

Source: Investment Company Institute.

Factoids for the week of October 17-21, 2016

Monday, October 17, 2016

Dealogic reported that while global M&A activity reached an all-time high of \$4.9 trillion in 2015, getting deals closed has been a bit more challenging in 2016, according to Fox Business. In the first half of 2016, a total of 59 announced deals worth \$462.96 billion were terminated. The outlook for M&A activity in 2017 looks encouraging. New survey data from EY indicates that 75% of executives polled said they are planning an M&A transaction in the next 12 months. EY noted that this was the highest percentage recorded in the 15 times the survey has been conducted.

Tuesday, October 18, 2016

Morningstar data shows that investors added nearly \$1.3 trillion to passive mutual funds and exchange-traded funds (ETFs) for the three-year period ended 8/31/16, according to *The Wall Street Journal*. Investors liquidated more than \$250 billion from actively managed funds over the same period. While 66% of mutual fund and ETF assets are still actively managed, that figure is down from 84% a decade ago.

Wednesday, October 19, 2016

Bank of America Merrill Lynch's monthly survey of money managers found that fund managers had increased their cash balances from 5.5% in September to 5.8% in October, according to Bloomberg. The share of cash hasn't been higher than that since November 2001, shortly after the terrorist attacks in the U.S. Elevated cash balances potentially sets the stage for a rally in the stock market, according to Bank of America. An average cash balance above 4.5% is viewed as a contrarian buy signal for equities, while an average cash balance below 3.5% is regarded as a contrarian sell signal.

Thursday, October 20, 2016

Foreign direct investment in the U.S. (FDIUS) totaled \$3.1 trillion at the end of 2015, up 34.8% from the \$2.3 trillion total at the close of 2010, according to the Organization for International Investment. In 2015, FDIUS flows totaled \$353 billion, an all-time high and a little over double the \$176 billion invested in 2014. As of the close of 2015, on a cumulative FDIUS basis, the U.K. stood as the largest investor at \$569 billion, followed by Japan's \$414 billion and Canada's \$342 billion.

Friday, October 21, 2016

International Data Corporation's (IDC) *Worldwide Semiannual Security Spending Guide* estimates that revenues for security-related hardware, software, and services will grow from \$73.7 billion in 2016 to \$101.6 billion in 2020, according to its own release. IDC sees a compound annual growth rate of 8.3% for the 2016 through 2020 forecast period, more than double the expected rate of overall IT spending growth. In 2016, the banking industry is expected to make the largest investment (\$8.6 billion) in security solutions.