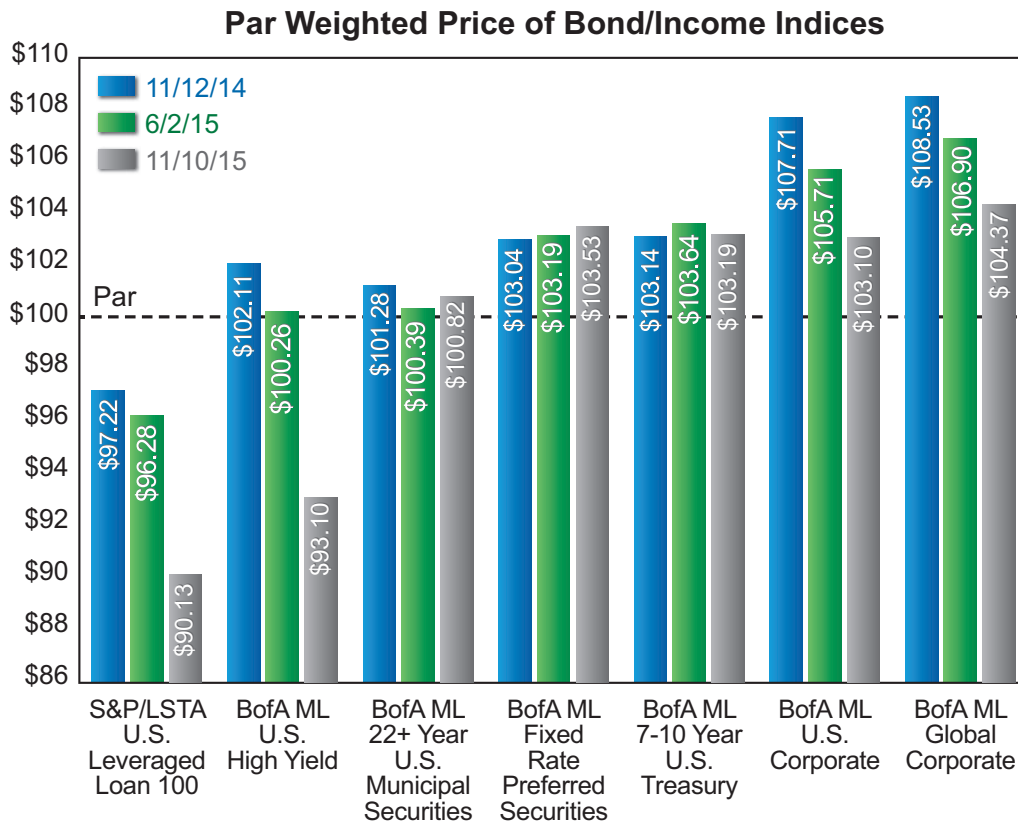


Snapshot Of Bond Valuations



Sources: Bloomberg, BofA Merrill Lynch. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post is one we do ongoing so that investors can monitor fluctuations in bond prices relative to changes in interest rates and the global economy.
2. While there was once a time when we would have focused almost exclusively on the state of the U.S. economy, times have changed.
3. Economies around the world are more interconnected today, in our opinion. We just witnessed it at the September 17th Federal Open Market Committee meeting.
4. The Fed chose to leave the federal funds rate unchanged at that meeting and cited concerns over weak growth overseas as a contributing factor, according to *The Wall Street Journal*.
5. Global growth concerns aside, Brian Wesbury, Chief Economist at First Trust Advisors L.P., believes that the Fed is likely to initiate a rate hike in December due in part to October's better-than-expected U.S. nonfarm payroll number.
6. Wesbury puts the odds of a December rate hike at 70%. Bond investors may be sensing something as well. The yield on the 10-Year Treasury Note rose from 2.04% on 10/27/15 to 2.33% on 11/6/15, according to Bloomberg.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The BofA Merrill Lynch 22+ Year U.S. Municipal Securities Index tracks the performance of U.S. dollar denominated investment grade tax-exempt debt publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of investment grade fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. The S&P/LSTA Leveraged Loan 100 Index is a market value-weighted index designed to measure the performance of the largest segment of the U.S. syndicated leveraged loan market. The BofA Merrill Lynch 7-10 Year U.S. Treasury Index tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. government in its domestic market. The BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The BofA Merrill Lynch U.S. Corporate Index tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market. The BofA Merrill Lynch Global Corporate Index tracks the performance of investment grade corporate debt publicly issued in the major domestic and Eurobond markets.

