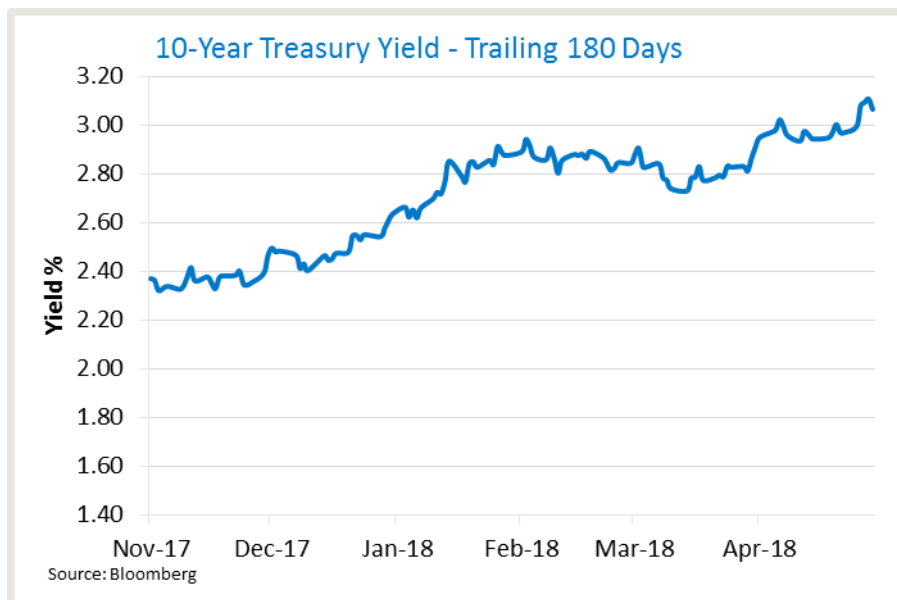


Weekly Market Review

May 18, 2018

Chart of the Week



Weekly Highlights

- **Initial jobless claims rose in the week ended May 12.** Initial claims of 222,000 exceeded consensus expectations, but this figure still remains near post-crisis lows. In fact, the four-week moving average of 213,250 actually notched a post-crisis low, indicating ongoing tightness in the labor market.
- **Mortgage applications fell in the week ended May 11.** The Mortgage Bankers' Association's (MBA) Market Composite Index of mortgage applications, which includes both purchases and refinancing, fell 2.7% for the week. Refinancing activity fell twice as much on a percentage basis compared with purchases, as higher benchmark rates have made it less economical to borrow.
- **Retail sales remain soft.** According to data in the US Census Bureau's Monthly Retail Trade Survey, retail sales rose 0.3% month over month. This reading is in line with consensus forecasts, but represents continued lackluster consumer spending.
- **Housing starts missed expectations in April, but permits beat.** Housing starts notched a seasonally adjusted annualized rate of 1.287 million in April, but underperformed expectations. Permit activity of 1.352 million modestly outperformed consensus expectations.

Talking Points

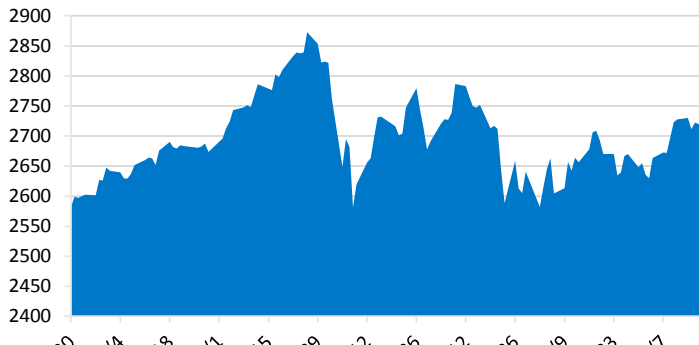
- **Global equity markets** were mostly down on the week through Thursday. Of major markets, only the UK and China were in positive territory, and just barely. All other major markets posted returns in the low single digits.
- **The Treasury yield curve steepened** through Thursday. Yields on notes and bonds with maturities longer than three years in particular rose more than short-dated debt.
- **Commodities were broadly up on the week.** Energy and agriculture rose through Thursday. Precious and industrial metals, as well as livestock, fell.
- **The US dollar rose this week** against a basket of major trade partners' currencies. The US Dollar Index now stands at a level of strength not seen since the end of last year.
- **In other economic news:** The Fed's balance sheet fell \$20.6 billion to \$4.338 trillion. The Atlanta Fed's Business Inflation Expectations (BIE) Survey for the leading 12 months read 2.0% in May, down from April's 2.3% reading. The Energy Information Agency's (EIA) Petroleum Status Report indicated falling inventories for crude, gasoline, and distillates for the week ended May 11.

Market Dashboard

	Last Price	Change	% Chg.	YTD %
S&P 500	2,712.97	-14.75	-0.54%	1.5%
Dow Industrials	24,715.09	-116.08	-0.47%	0.0%
Nasdaq	7,354.34	-48.54	-0.66%	6.5%
Russell 2000	1,626.63	19.84	1.23%	5.9%
Euro Stoxx Index	394.67	2.27	0.58%	1.4%
Shanghai Composite	3,193.30	30.04	0.95%	-3.4%
Russell Global	2,164.69	-8.61	-0.40%	1.0%

Source: Bloomberg; Index % change is based on price.

S&P 500 Index: Trailing 180 Days



Source: Bloomberg

	Last Price	Change	% Chg.	YTD %
Russell Global EM	3,594.91	-60.27	-1.65%	-1.3%
10-Year US Treas.	3.07	10 bps	NM	NM
Bloomberg Cmdts. Idx.	90.41	0.38	0.42%	2.5%
Gold	\$1,292.50	-\$27.01	-2.05%	-0.8%
Crude Oil	\$71.39	\$0.67	0.95%	18.8%
Dollar Index	93.68	1.15	1.25%	1.7%
VIX Index	13.42	0.77	6.09%	21.6%

One Week

YTD

	One Week			YTD		
	Value	Growth		Value	Growth	
L	-0.55%	-0.64%	-0.72%	-2.15%	1.68%	5.06%
	-0.14%	-0.01%	0.15%	-1.32%	1.44%	5.00%
S	1.33%	1.23%	1.15%	3.47%	5.93%	8.23%

Source: Bloomberg

Sector Performance:

S&P/Global Industry Classification Sectors (GICS)

	% Wgt in S&P 500	Week % Chg.	YTD % Chg.
Consumer Discretionary	12.8	-0.07%	6.2%
Consumer Staples	6.7	-0.04%	-13.7%
Energy	6.4	1.52%	7.6%
Financials	14.6	-1.11%	-0.2%
Health Care	14.0	0.17%	0.6%
Industrials	10.0	0.66%	-0.9%
Information Technology	25.6	-1.54%	9.1%
Materials	2.9	1.60%	-1.2%
Real Estate	2.7	-3.21%	-7.7%
Telecom Services	1.8	-1.29%	-12.8%
Utilities	2.7	-3.17%	-7.6%

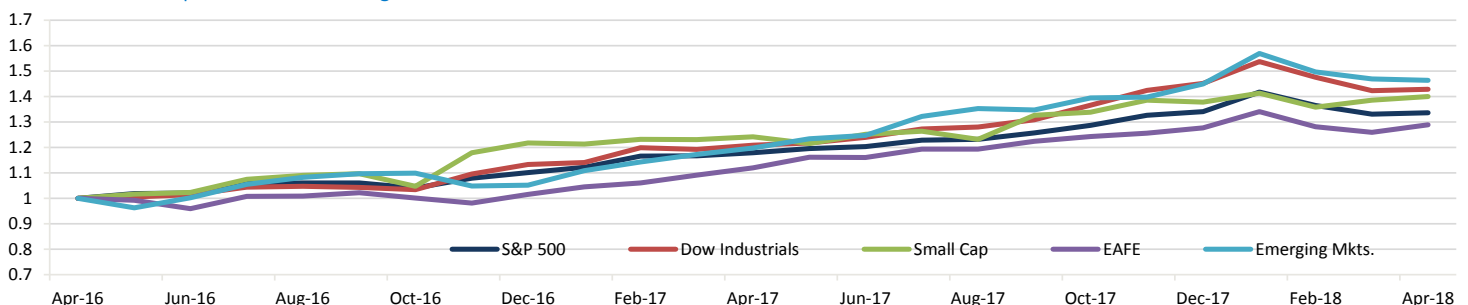
Source: Bloomberg

VIX Index: Trailing 180 Days



Source: Bloomberg

Wealth Index|Growth of \$1: Trailing 24 Months



Source: Bloomberg

The Economy and Markets

A Macro View – A Look at Corporate Credit Writ Large

Earlier this month, the Buttonwood columnist at The Economist speculated that corporate credit may be the trigger for the next financial crisis. He isn't the first, and for good reason. The worst crises are often fueled by debt, and quantitative easing, in concert with preexisting statutes that favor debt-heavy capital structures, has given corporations an incentive to go on a borrowing binge. Further, the average credit quality of outstanding corporate debt has fallen, whereas the excess yield for owning corporates over Treasuries has fallen. Given the economy's progression into the later stages of expansion, it is worth further exploring how the investment grade bond market in particular has changed over the last decade.

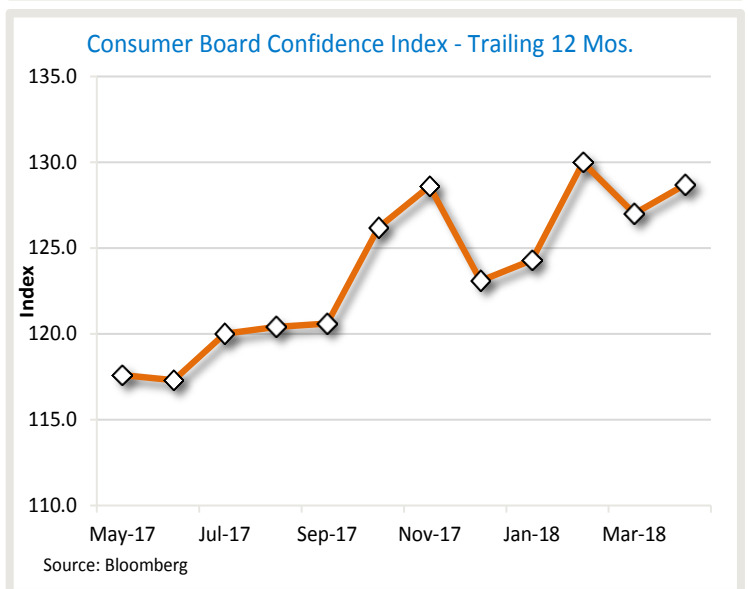
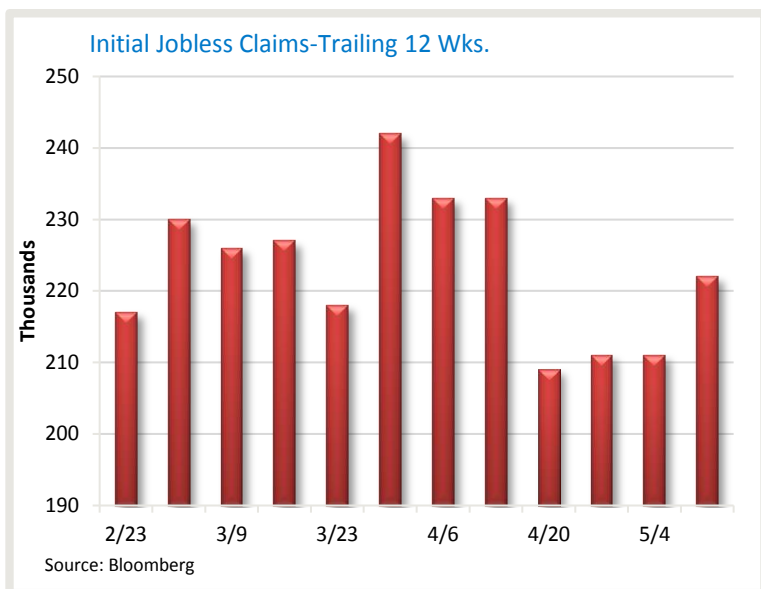
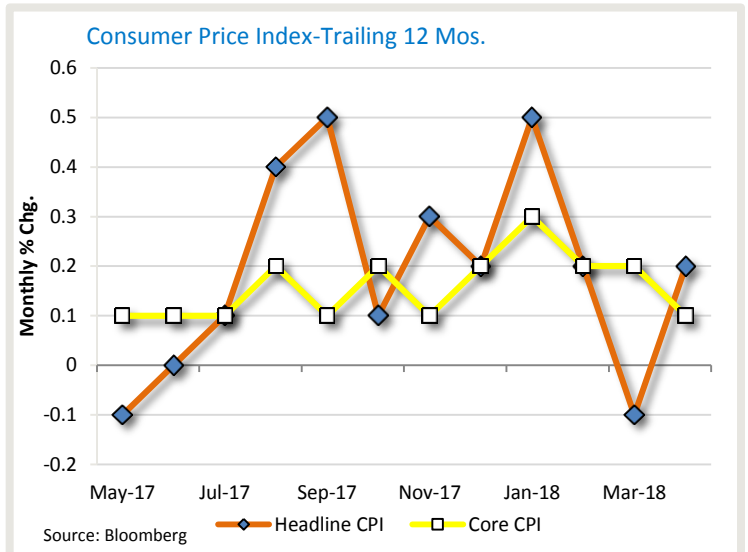
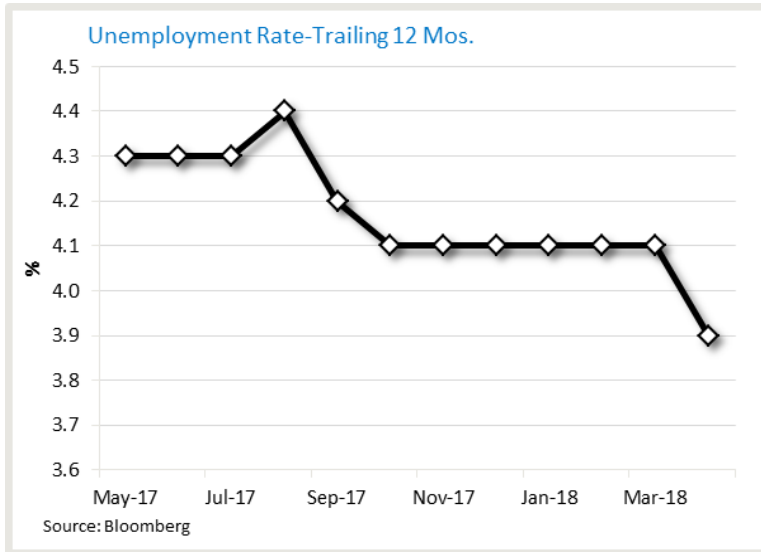
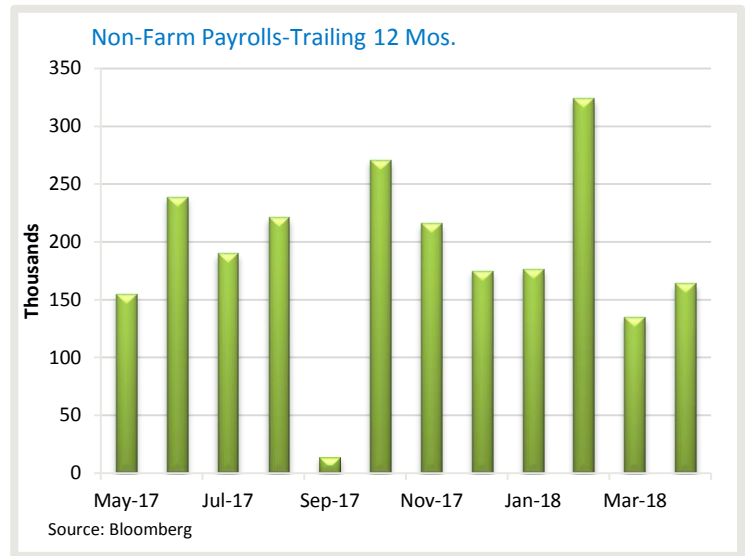
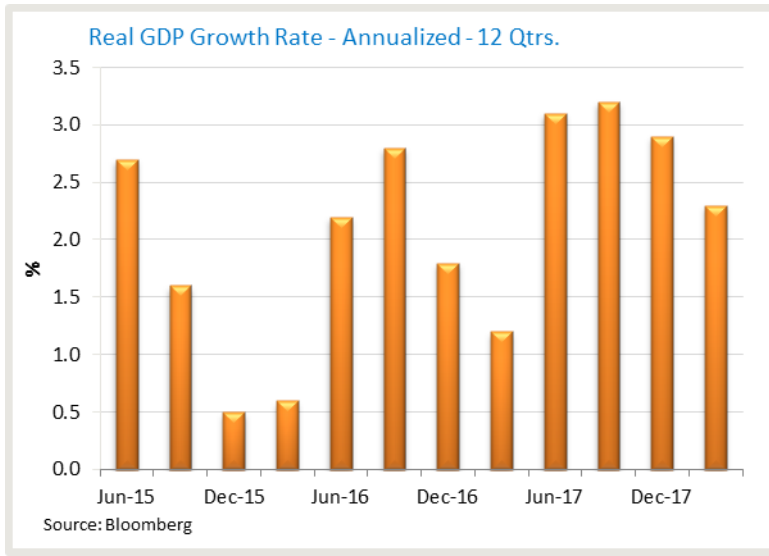
The absolute size of the corporate bond market is the most notable shift in the post-crisis period. Since 2009, domestic corporate debt outstanding has risen a striking 56% to just under \$8.5 trillion, according to the Federal Reserve (Fed). Moody's Investors Service notes that nonfinancial corporate debt's share of gross domestic product is more than 45%, the highest it has ever been, and is trending higher. Clearly, the post-crisis environment and its accompanying set of policy responses have stimulated debt issuance, but how much concern should investment grade corporate debt merit? It may not deserve much, at least for now, as it doesn't appear to represent an immediate threat. Until very recently, debt service as a percentage of corporate income has remained below levels seen in the previous cycle, though this figure is also trending higher as the Fed incrementally removes monetary stimulus and the Treasury ups its debt issuance.

Size isn't everything, and that maxim holds true in this case as well. As the size of the corporate debt market has grown, its composition with regard to quality and sensitivity to interest rate risk has shifted. In terms of quality, BBB-rated bonds, the lowest rung of the investment grade market, are now the largest component of the Bloomberg Barclays Credit Index (the Index), encompassing roughly half of outstanding investment grade issuance. At the same time, higher-rated bonds have shrunk to ever-smaller proportions, as corporations see little incremental value in maintaining sterling credit credentials. As the Index's credit quality has fallen, interest rate risk, as measured by average maturity, has surged. Average maturities of all credit-quality tiers within the Index have extended since the financial crisis, with outstanding AAA-rated debt maturity extending from 12 years to nearly 18 years on average. Given these shifts, successful investors have found it increasingly necessary to scrutinize the credit and interest rate risks within their portfolios.

It is entirely possible that the shifts outlined above, especially if they continue on trend, will serve as tinder for a forthcoming economic conflagration. Assuming benchmark borrowing costs continue to rise, debt service will likely eat up an ever-larger portion of corporations' cash flow. The highest-quality issuers are flush in cash—some even have negative net debt—so refinancing, or even paying down their debt burden outright, should prove relatively painless. However, many more firms will be squeezed as they are forced to refinance at higher rates. Avoiding corporate debt altogether would be imprudent for most investors. But, as the waters get choppy, they would be wise to delegate this portion of their portfolio (and most bond allocations) to active managers, who can manage credit and interest rate exposures, rather than incurring unmitigated exposure to the numerous risks that are accruing in the space.

Michael Wedekind
Investment Analyst

Economic Data



Eurozone

SELECTED EUROPEAN SOVEREIGN YIELD PERFORMANCE

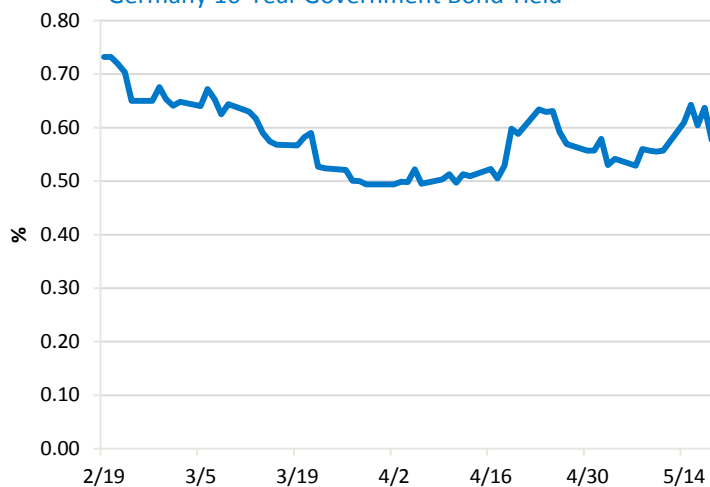
	Last	Change	% Chg.	YTD %
Germany 10-Yr. Govt.	0.58	-2 bps	NM	NM
Greece 10-Yr. Govt.	4.50	-38 bps	NM	NM
Italy 10-Yr. Govt.	2.22	-31 bps	NM	NM
Spain 10-Yr. Govt.	1.43	-16 bps	NM	NM
Belgium 10-Yr. Govt.	0.86	-4 bps	NM	NM

Source: Bloomberg

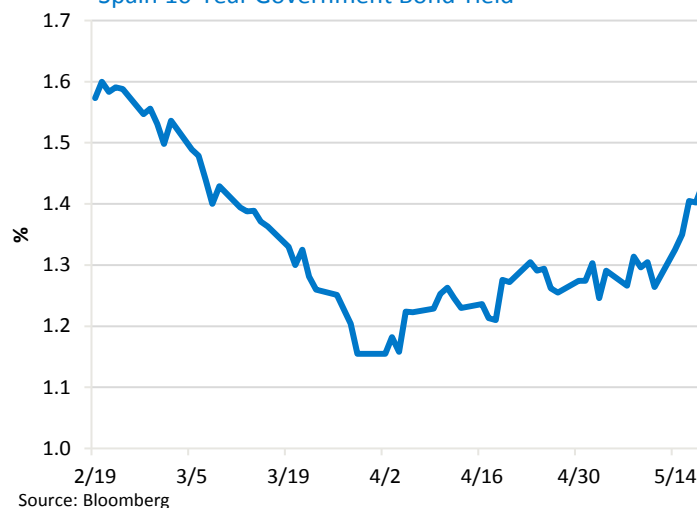
Basis points (bps)

	Last	Change	% Chg.	YTD %
France 10-Yr. Govt.	0.83	-4 bps	NM	NM
Ireland 10-Yr. Govt.	1.01	-5 bps	NM	NM
Portugal 10-Yr. Govt.	1.86	-18 bps	NM	NM
Netherlands 10-Yr. Govt.	0.72	-2 bps	NM	NM
U.K. 10-Yr. Govt.	1.50	-6 bps	NM	NM

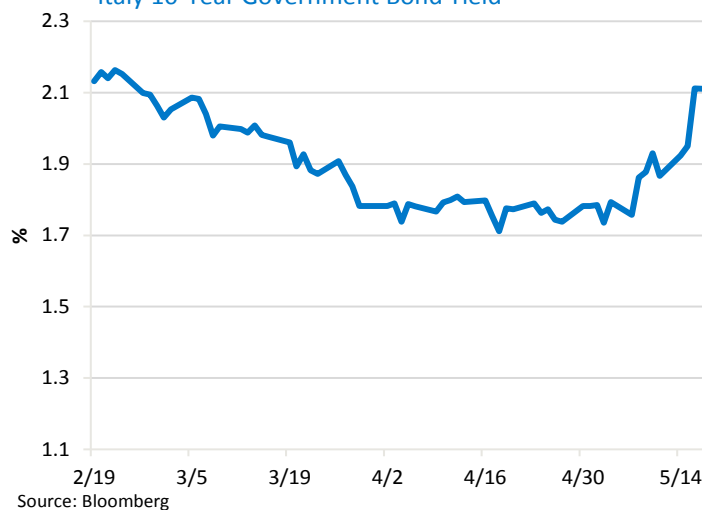
Germany 10-Year Government Bond Yield



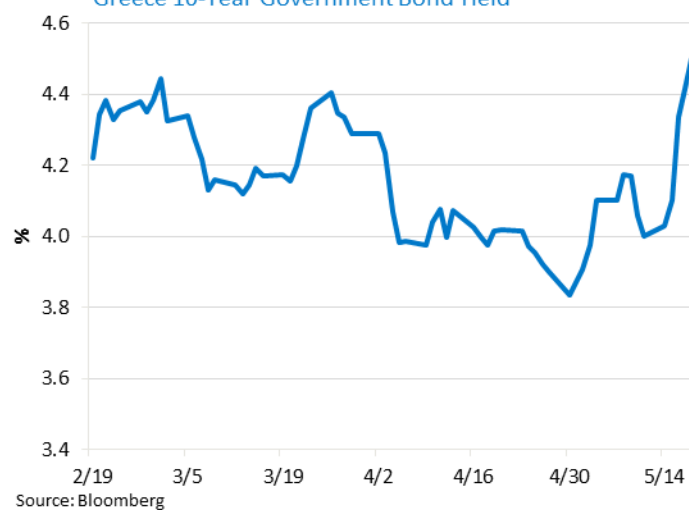
Spain 10-Year Government Bond Yield



Italy 10-Year Government Bond Yield



Greece 10-Year Government Bond Yield



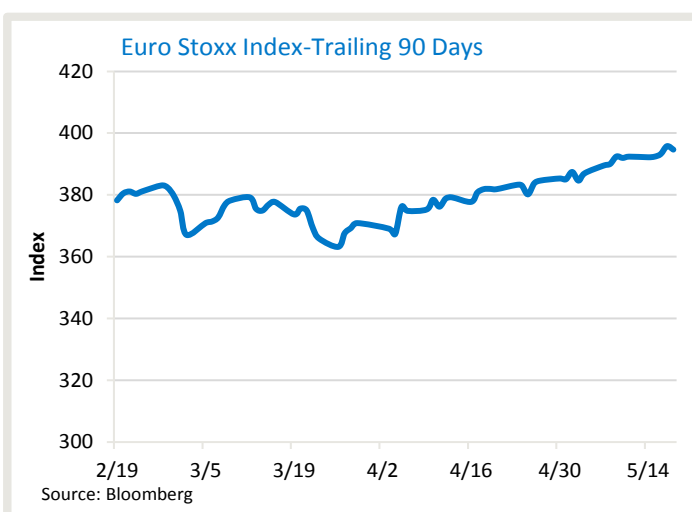
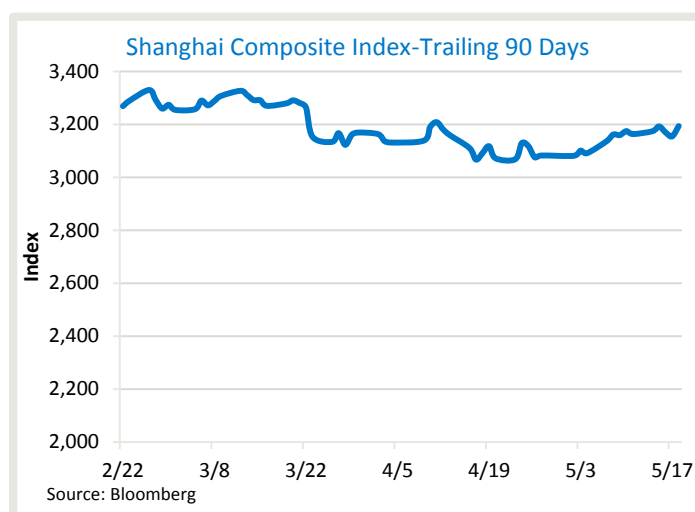
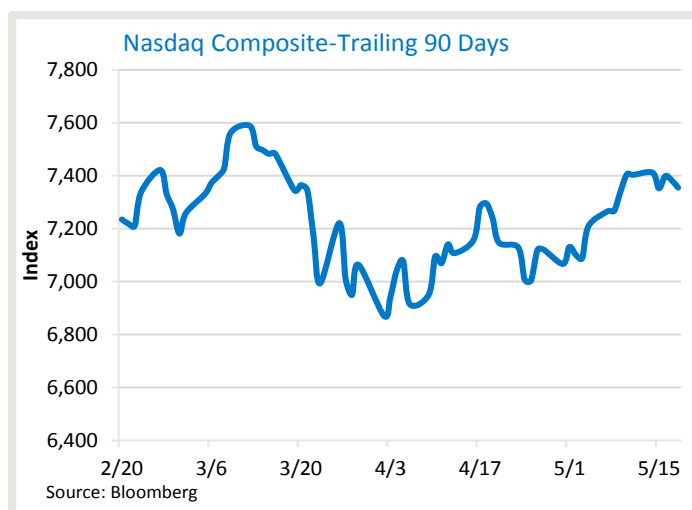
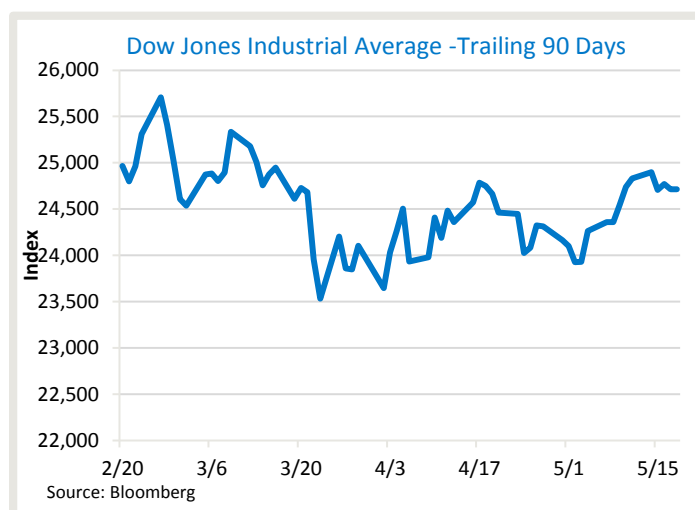
Equities

WORLD MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
S&P 500	2,712.97	-14.75	-0.54%	1.47%
Dow Industrials	24,715.09	-116.08	-0.47%	-0.02%
Nasdaq Composite	7,354.34	-48.54	-0.66%	6.53%
Russell Global	2,164.69	-8.61	-0.40%	1.0%
Russell Global EM	3,594.91	-60.27	-1.65%	-1.3%
S&P/TSX (Canada)	16,162.31	178.99	1.12%	-0.29%
Mexico IPC	45,666.77	-1062.15	-2.27%	-7.47%
Brazil Bovespa	83,081.88	-2138.34	-2.51%	8.74%
Euro Stoxx 600	394.67	2.27	0.58%	1.41%
FTSE 100	7,778.79	54.24	0.70%	1.18%
IBEX 35 (Spain)	10,112.40	-159.00	-1.55%	0.68%

Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Swiss Market Index	8,940.46	-53.05	-0.59%	-4.70%
CAC 40 Index (France)	5,614.51	72.57	1.31%	5.68%
DAX Index (Germany)	13,077.72	76.48	0.59%	1.24%
Irish Overall Index	7,096.06	134.47	1.93%	0.82%
Nikkei 225	22,930.36	171.88	0.76%	0.73%
Hang Seng Index	31,047.91	-74.15	-0.24%	3.77%
Shanghai Composite	3,193.30	30.04	0.95%	-3.44%
Kospi Index (S. Korea)	2,460.65	-17.06	-0.69%	-0.28%
Taiwan Taiex Index	10,830.84	-28.14	-0.26%	1.77%
Tel Aviv 25 Index	1,516.37	44.18	3.00%	0.44%
MOEX Index (Russia)	2,326.94	-18.32	-0.78%	10.30%



Equities – Emerging and Frontier Markets

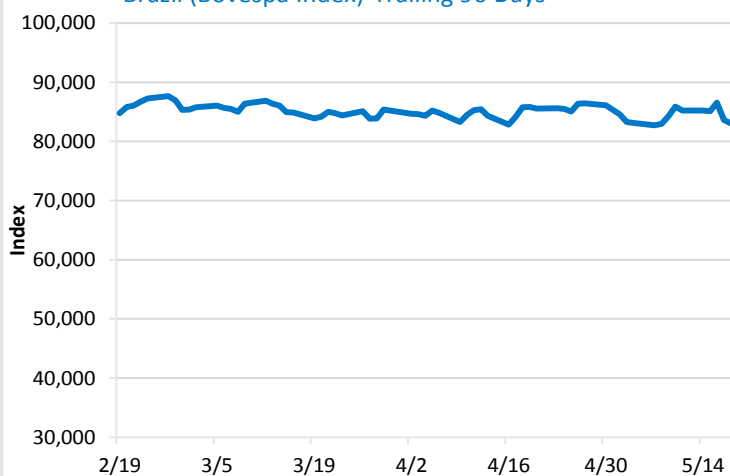
EMERGING AND FRONTIER MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Mexico IPC	45,666.77	-1062.15	-2.3%	-7.5%
Brazil (Bovespa Index)	83,081.88	-2138.34	-2.5%	8.7%
MOEX Index (Russia)	2,326.94	-18.32	-0.8%	10.3%
Czech Republic (Prague)	1,104.56	-2.56	-0.2%	2.4%
Turkey (Istanbul)	102,410.30	557.80	0.5%	-11.2%
Egypt (Hermes Index)	1,624.68	-24.99	-1.5%	13.1%
Kenya (Nairobi 20 Index)	3,494.17	-108.16	-3.0%	-5.9%
Saudi Arabia (TASI Index)	8,016.85	102.58	1.3%	10.9%
Lebanon (Beirut BLOM Index)	1,127.94	-3.63	-0.3%	-1.7%
Palestine	542.19	-2.50	-0.5%	-5.6%

Source: Bloomberg; Index % change is based on price.

	Last	Change	% Chg.	YTD %
Hang Seng Index	31,047.91	-74.15	-0.2%	3.8%
India (Sensex 30)	34,848.30	-687.49	-1.9%	2.3%
Malaysia (KLCI Index)	1,854.50	7.99	0.4%	3.2%
Singapore (Straits Times Index)	3,529.27	-40.90	-1.1%	3.7%
Thailand (SET Index)	1,754.17	-11.76	-0.7%	0.0%
Indonesia (Jakarta)	5,783.31	-173.52	-2.9%	-9.0%
Pakistan (Karachi KSE 100)	41,623.52	-1971.27	-4.5%	2.8%
Vietnam (Ho Chi Minh)	1,040.54	-4.31	-0.4%	5.7%
Sri Lanka (Colombo)	6,492.06	13.19	0.2%	1.9%
Cambodia (Laos)	923.06	-3.12	-0.3%	-7.5%

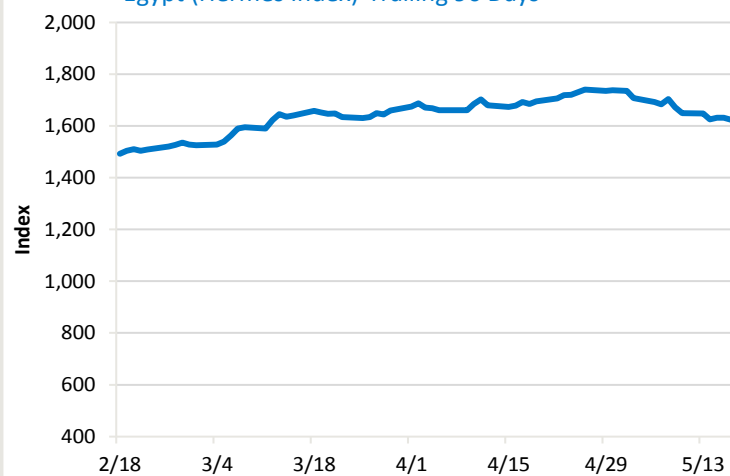
Brazil (Bovespa Index)-Trailing 90 Days



India (Sensex Index)-Trailing 90 Days



Egypt (Hermes Index)-Trailing 90 Days



Singapore (Straits Times Index)-Trailing 90 Days

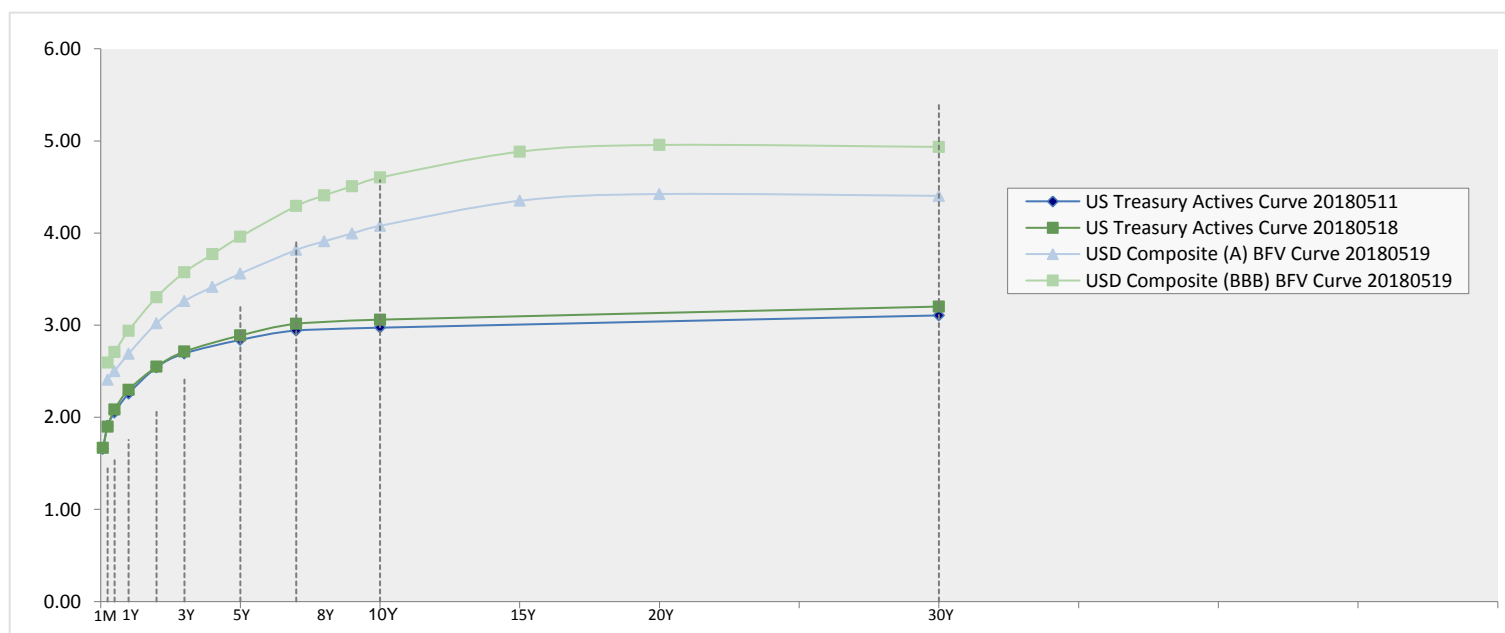


Interest Rates

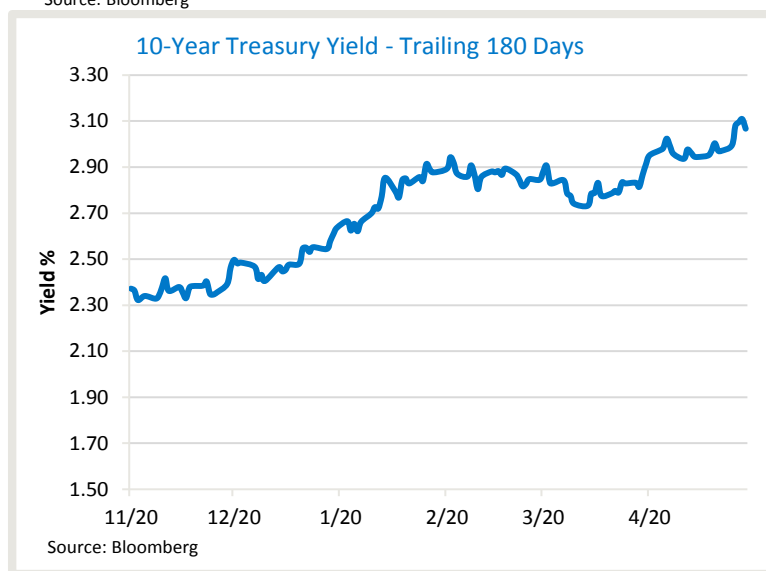
SELECTED INTEREST RATES

	Last	Change	% Chg.	YTD %		Last	Change	% Chg.	YTD %
2-Yr. U.S. Treasury	2.55%	0 bps	NM	NM	Prime Rate	4.75%	0.00	NM	NM
5-Yr. U.S. Treasury	2.89%	5 bps	NM	NM	Fed Funds Rate	1.75%	0.00	NM	NM
10-Yr. U.S. Treasury	3.07%	10 bps	NM	NM	Discount Rate	2.25%	0.00	NM	NM
30-Yr. U.S. Treasury	3.21%	10 bps	NM	NM	LIBOR (3 Mo.)	2.33%	-1 bps	NM	NM
German 10-Yr. Govt.	0.58%	-2 bps	NM	NM	Bond Buyer 40 Muni	3.89%	14 bps	NM	NM
France 10-Yr.	0.83%	-4 bps	NM	NM	Bond Buyer 40 G.O.	3.95%	NA	NM	NM
Italy 10-Yr.	2.22%	-31 bps	NM	NM	Bond Buyer 40 Rev.	4.44%	NA	NM	NM
Fed 5-Yr Fwd BE Inf.	2.19%	2 bps	NM	NM					

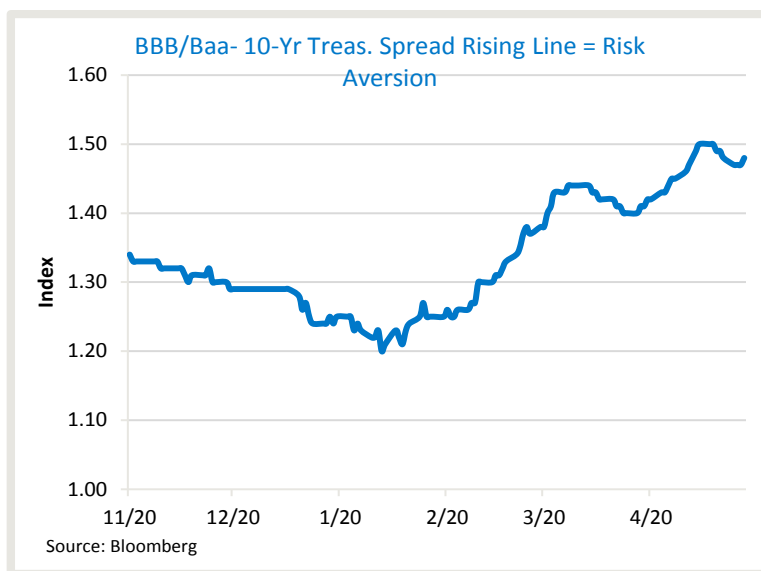
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Currencies

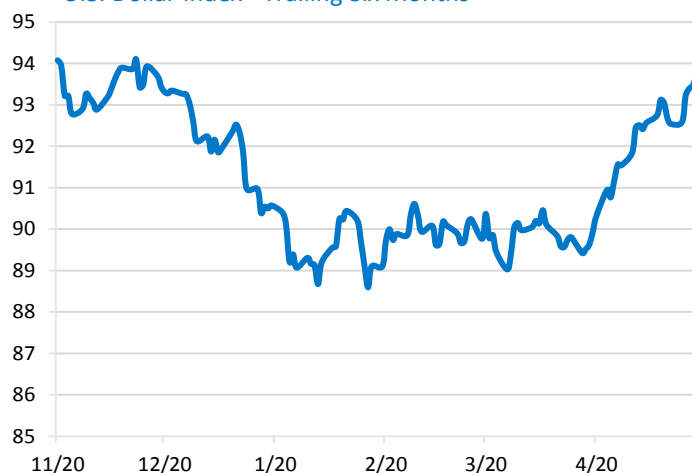
SELECTED CURRENCY PERFORMANCE

	Last	Change	% Chg.	YTD %
Dollar Index	93.68	1.155	1.25%	1.70%
Euro	1.18	-0.018	-1.47%	-1.98%
Japanese Yen	110.72	1.390	-1.25%	1.72%
British Pound	1.35	-0.006	-0.45%	-0.24%
Canadian Dollar	1.29	0.008	-0.61%	-2.35%

Source: Bloomberg

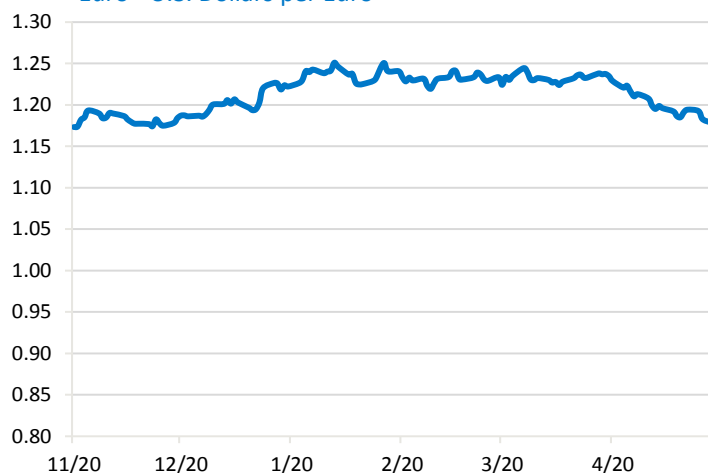
	Last	Change	% Chg.	YTD %
Chinese Yuan	6.38	0.046	-0.72%	1.99%
Swiss Franc	1.00	-0.002	0.22%	-2.34%
New Zealand Dollar	0.69	-0.005	-0.70%	-2.51%
Brazilian Real	3.74	0.136	-3.63%	-11.45%
Mexican Peso	19.95	0.505	-2.54%	-1.36%

U.S. Dollar Index - Trailing Six Months



Source: Bloomberg

Euro - U.S. Dollars per Euro



Source: Bloomberg

Chinese yuan - yuan per U.S. Dollar



Source: Bloomberg

Japanese yen - Yen per U.S. Dollar



Source: Bloomberg

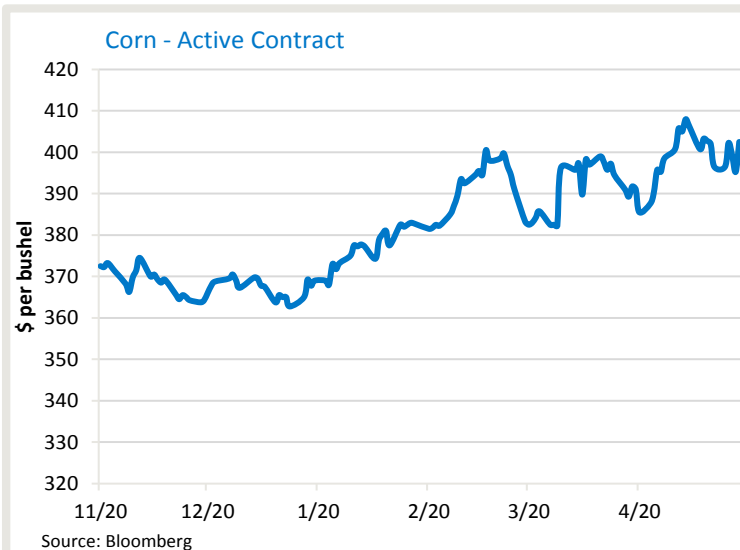
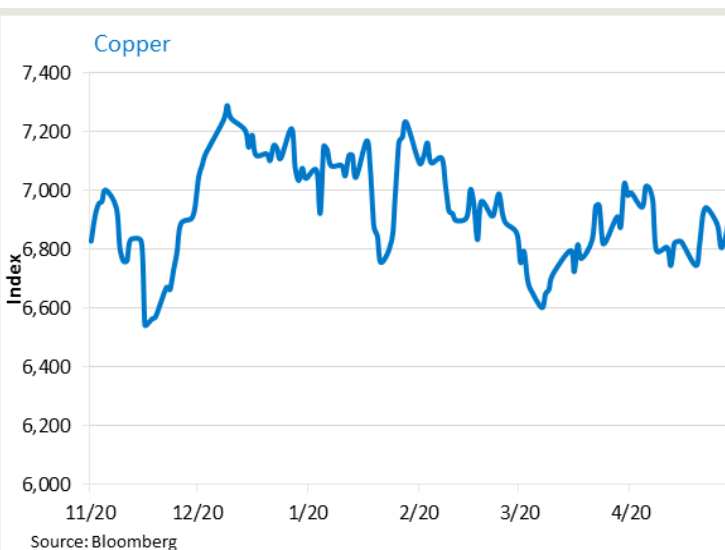
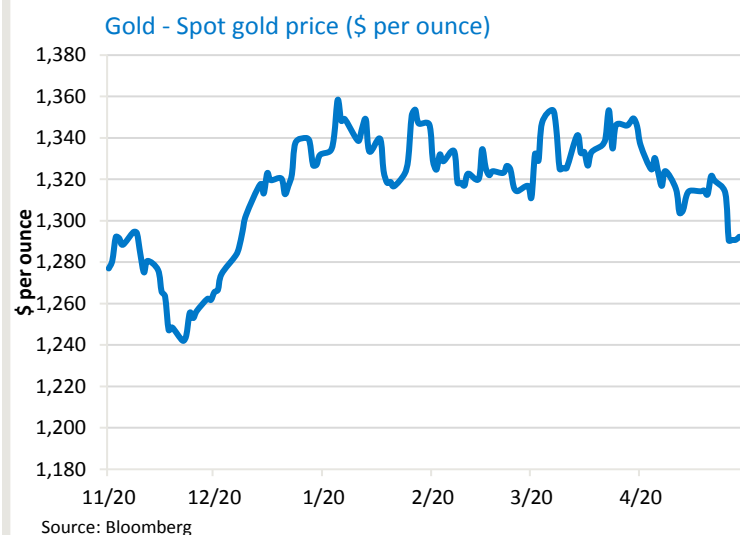
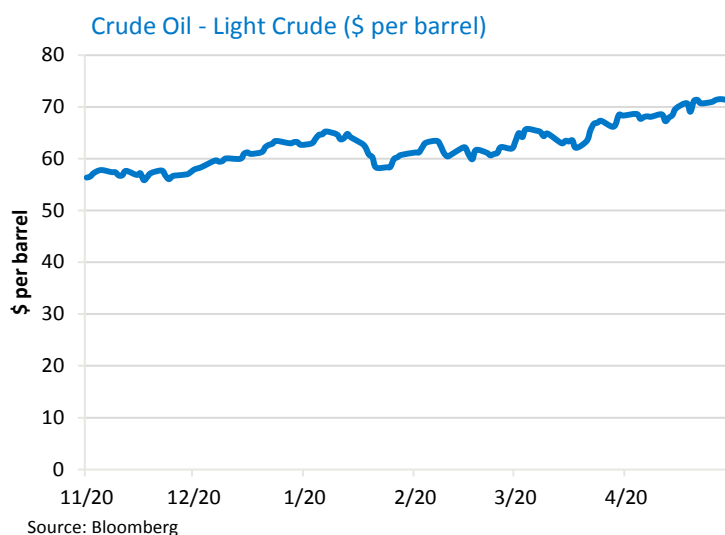
Commodities

SELECTED COMMODITY MARKET PERFORMANCE

	Last	Change	% Chg.	YTD %
Bloomberg Comm. Idx.	90.41	0.38	0.42%	2.55%
Crude Oil	\$71.36	\$0.67	0.95%	18.83%
Natural Gas	\$2.84	\$0.03	1.10%	2.31%
Gasoline (\$/Gal.)	\$2.91	\$0.05	1.68%	17.17%
Heating Oil	226.95	4.90	2.21%	14.80%
Gold Spot	\$1,292.51	-\$27.01	-2.05%	-0.81%
Silver Spot	\$16.43	-\$0.25	-1.48%	-3.05%

Source: Bloomberg; % change is based on price.

	Last	Change	% Chg.	YTD %
Platinum Spot	\$887.84	-\$36.90	-4.00%	-4.55%
Corn	402.50	6.00	1.51%	9.60%
Wheat	518.25	19.50	3.91%	14.34%
Soybeans	998.50	-4.75	-0.47%	1.55%
Sugar	11.66	0.44	3.92%	-22.47%
Orange Juice	166.20	-3.15	-1.86%	19.01%
Aluminum	2,293.00	5.00	0.22%	1.10%
Copper	6,879.00	-63.00	-0.91%	-5.08%



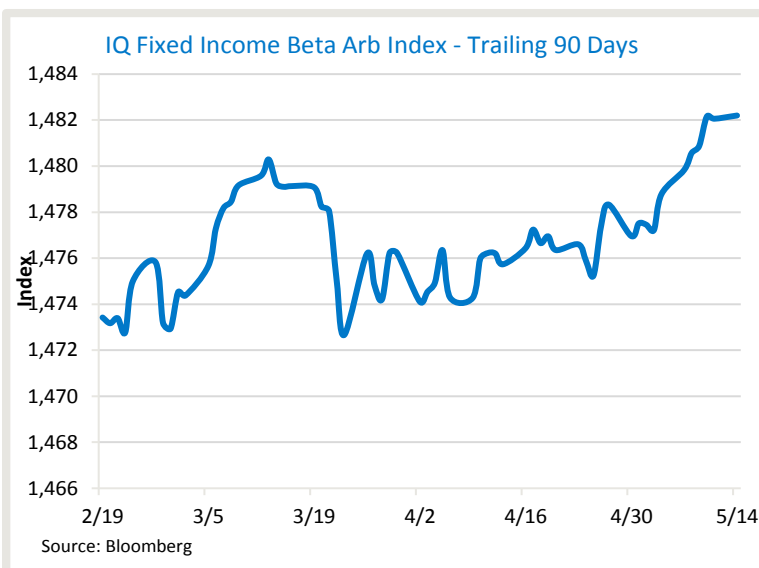
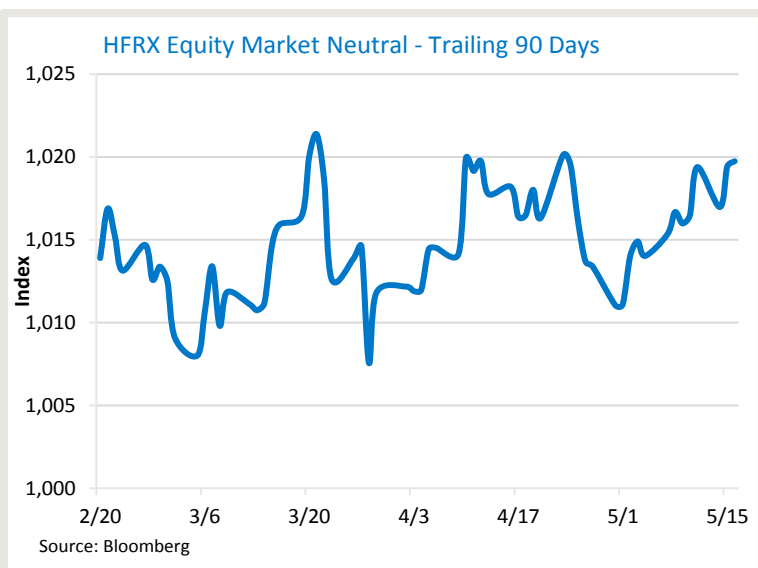
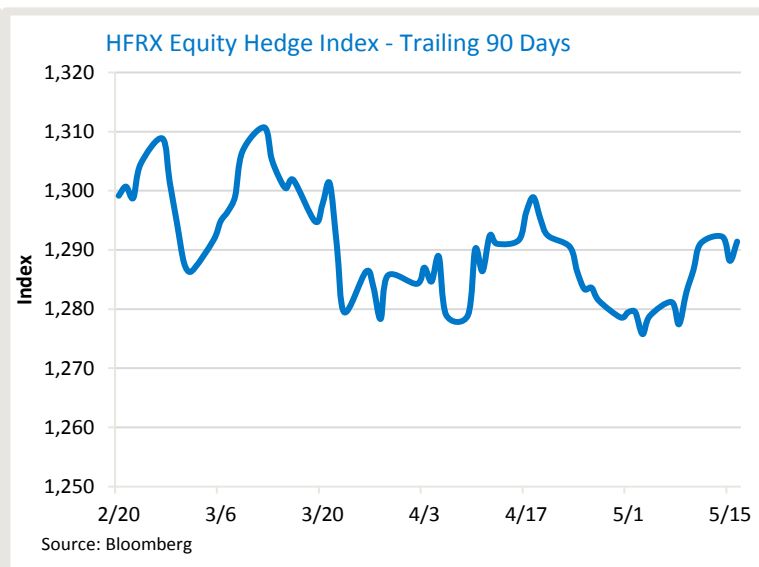
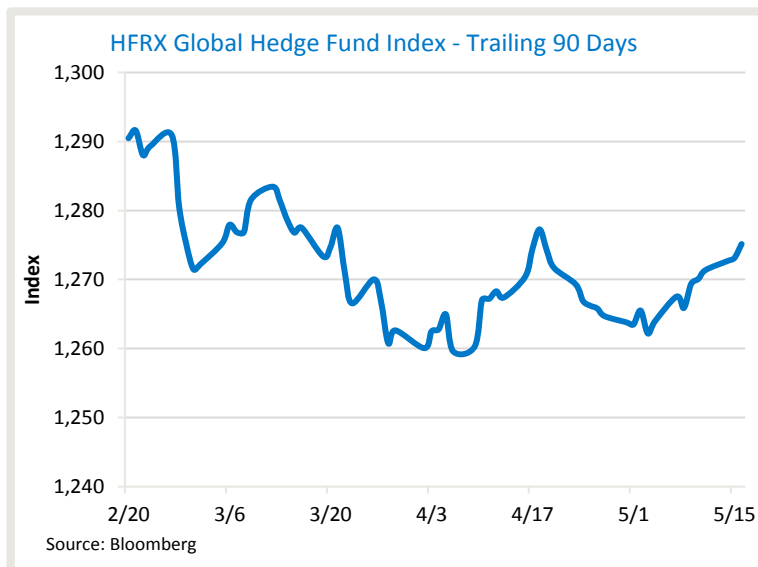
Alternative Investments

SELECTED ALTERNATIVE INVESTMENT INDEX PERFORMANCE

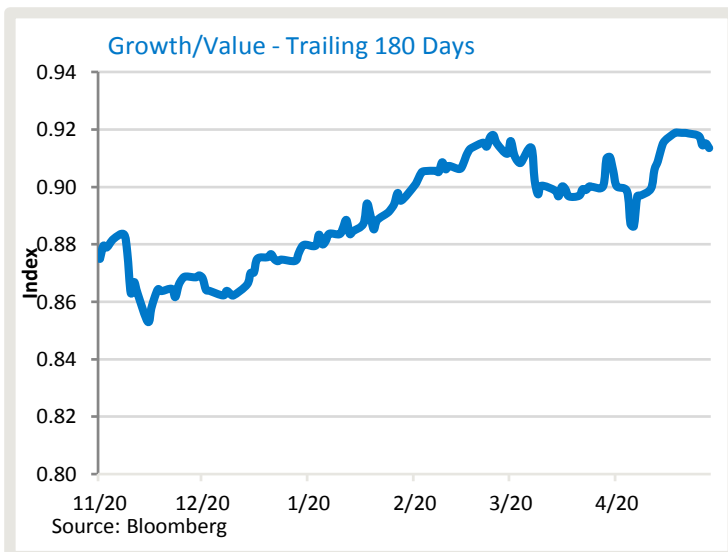
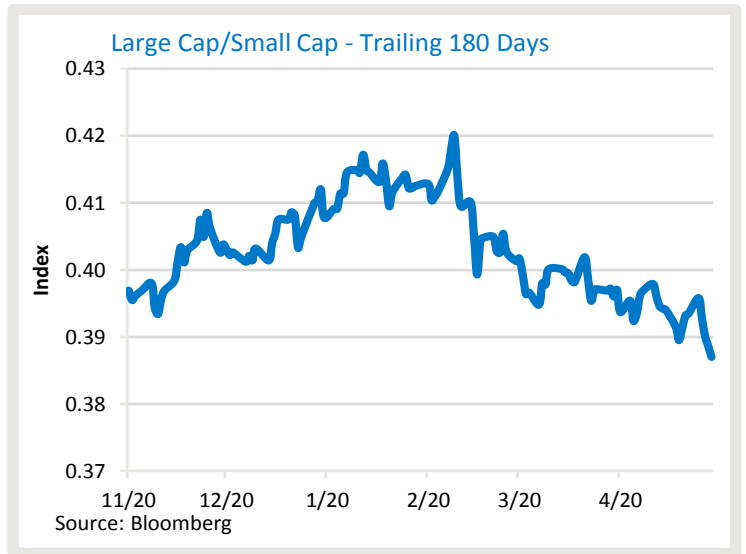
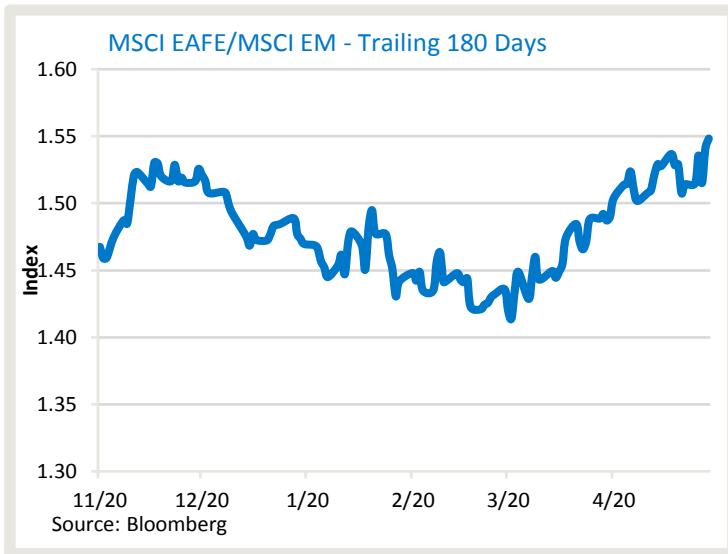
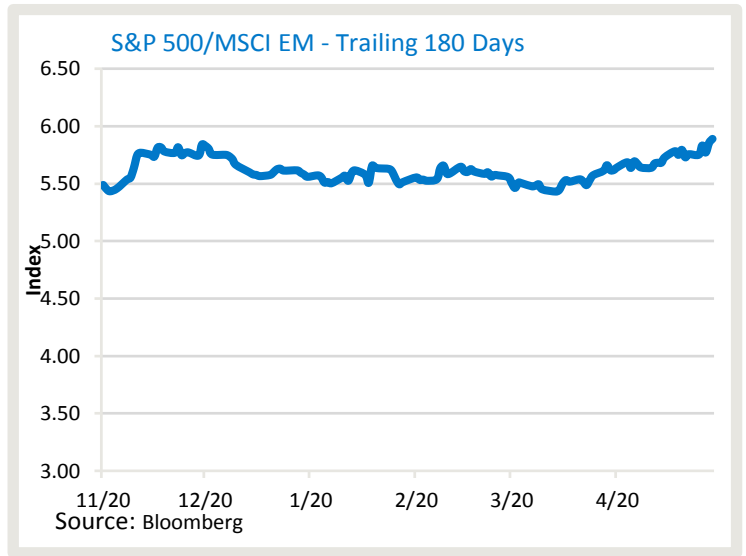
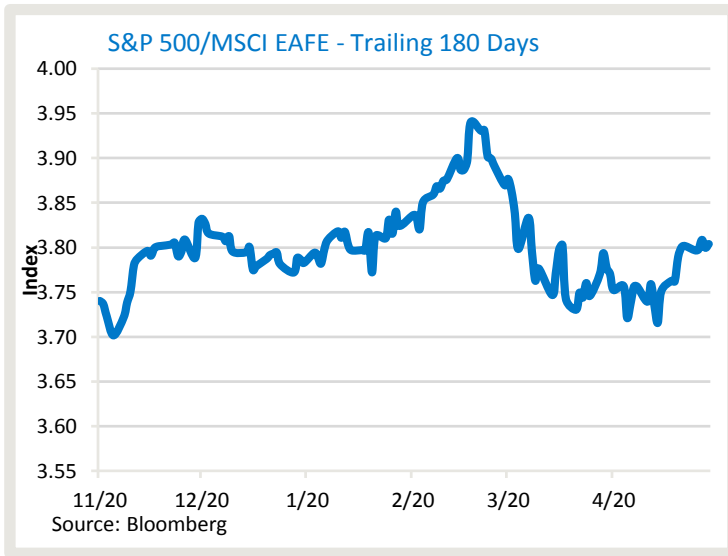
	Last	Change	% Chg.	YTD %
HFRX Global Hedge Fund Index	1275.14	3.78	0.30%	-0.04%
HFRX Equity Market Neutral	1019.74	0.35	0.03%	1.53%
HFRX Equity Hedge Index	1291.41	0.30	0.02%	1.63%
HFRX Event-Driven Index	1593.65	3.65	0.23%	-4.33%
HFRX Absolute Return Index	1073.33	2.54	0.24%	0.95%

	Last	Change	% Chg.	YTD %
HFRX Distressed Index	1056.63	0.88	0.08%	-4.52%
HFRX Merger Arbitrage Index	1826.80	8.16	0.45%	-1.41%
HFRX Convertible Arbitrage Index	801.10	-0.21	-0.03%	0.61%
HFRX Macro CTA Index	1175.24	13.53	1.16%	0.98%
IQ Fixed Income Beta Arb Index	1480.17	-1.88	-0.13%	0.66%

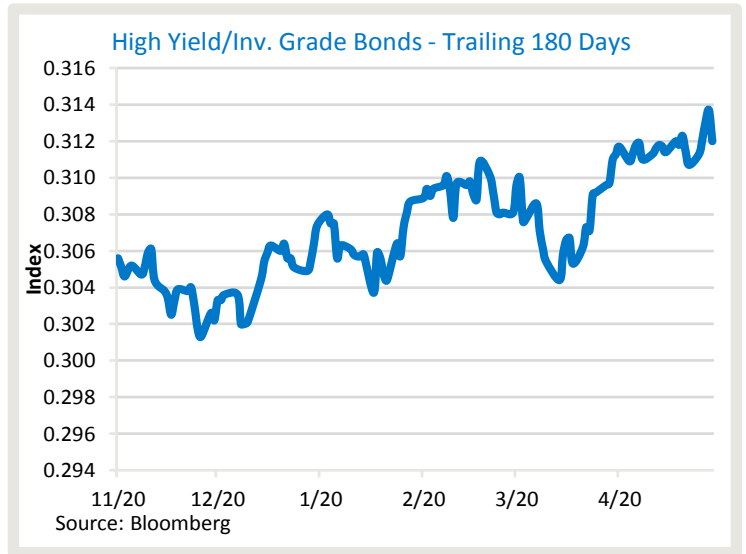
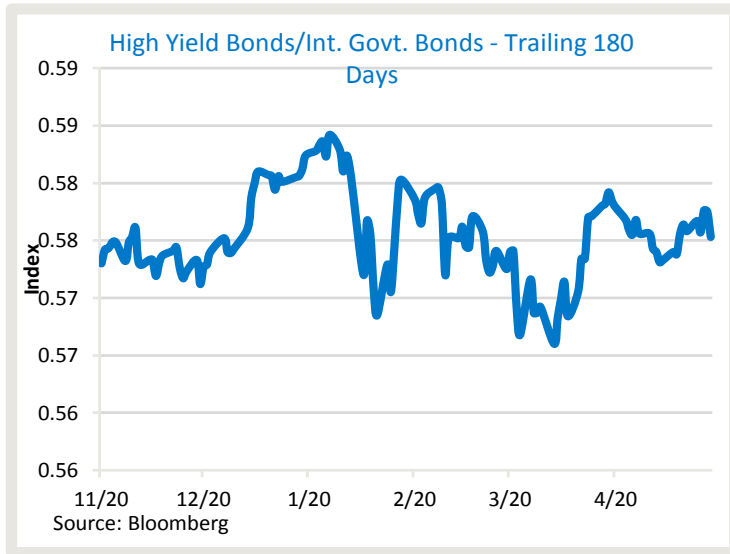
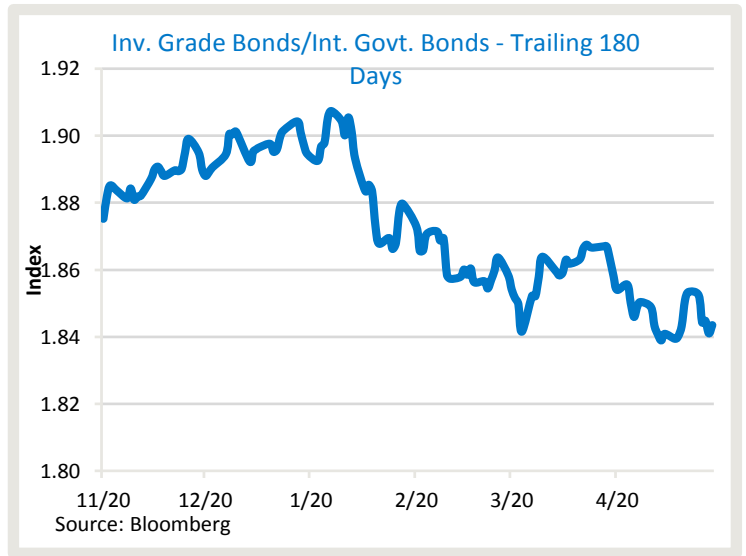
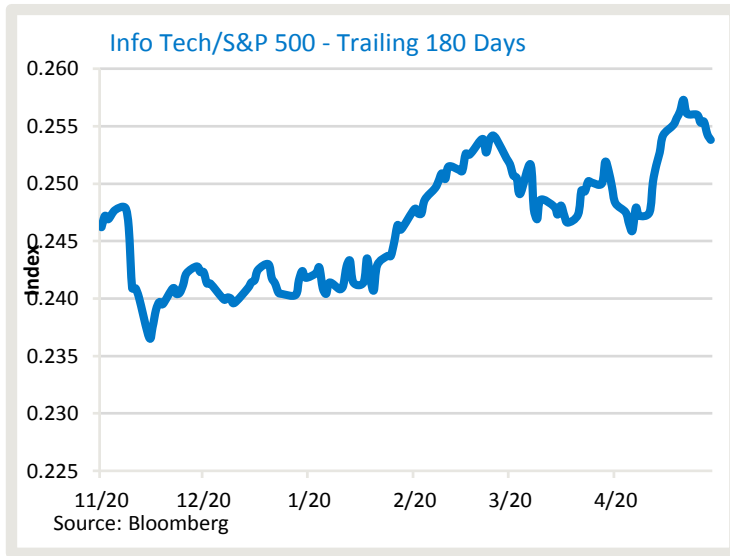
Source: Bloomberg; Index % change is based on price.



Portfolio Construction



Portfolio Construction (continued)



WEEKLY ASSET CLASS PERFORMANCE (Prior 12 weeks ending Thursday)

			3/1	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10	5/17
Equity	Domestic Equity	Large Cap (R200)	-0.89%	2.19%	0.29%	-4.06%	-0.22%	0.89%	0.19%	1.10%	-1.02%	-1.38%	3.69%	-0.14%
		Small Cap (R2000)	-1.48%	4.28%	0.30%	-2.08%	-0.94%	0.88%	0.93%	1.06%	-1.01%	-0.73%	3.70%	1.35%
	Int'l. Equity	MSCI EAFE	-1.72%	0.71%	0.54%	-1.56%	-0.68%	0.50%	1.15%	1.32%	-1.35%	-0.47%	0.84%	0.33%
		MSCI Em. Mkts.	-0.72%	0.25%	1.76%	-1.60%	-2.29%	-0.24%	0.89%	0.62%	-3.36%	-0.57%	1.64%	-1.08%
Fixed Income	BarCap Agg. (AGG)		0.25%	-0.06%	0.18%	-0.14%	0.60%	-0.54%	0.09%	-0.45%	-0.41%	-0.06%	0.02%	-0.74%
	High Yield (JNK)		-0.44%	0.22%	0.14%	-0.58%	0.39%	-0.14%	0.95%	-0.14%	-0.55%	-0.56%	0.39%	-0.36%
Commodities	Bloomberg Commodity Index		-0.52%	-0.70%	0.31%	-0.25%	0.42%	-0.34%	2.20%	0.98%	-0.63%	0.30%	0.98%	-0.27%
Alternatives	Hedge Funds (HFRX Global)		-1.28%	0.43%	-0.01%	-0.46%	-0.65%	0.18%	0.27%	0.46%	-0.66%	-0.29%	0.63%	0.40%
Asset Allocation	60/40*		-0.64%	1.20%	0.34%	-1.82%	-0.15%	0.24%	0.45%	0.50%	-0.95%	-0.63%	1.71%	-0.19%
	48/32/20 (w/Alts.)**		-0.77%	1.04%	0.27%	-1.55%	-0.25%	0.22%	0.41%	0.49%	-0.89%	-0.56%	1.49%	-0.07%

Source: Bloomberg; *60/40 portfolio = 30% Large Cap/10% Small Cap/15% EAFE/5% Emerging Markets/35% BarCap Agg./5% High Yield.

**48/32/20 portfolio = 24% Large Cap/8% Small Cap/12% EAFE/4% Emerging Markets/28% BarCap Agg./4% High Yield/20% HFRX Global Index.

RELATIVE STRENGTH MATRIX (BASED ON 30-DAY RSI)

	Large Cap Core	Large Cap Growth	Large Cap Value	Mid Cap Core	Mid Cap Growth	Mid Cap Value	Small Cap Core	Small Cap Growth	Small Cap Value	Int'l. Developed	Emerging Markets	REITs	Comm.	Int. Bond	High Yield
Large Cap Core	1.00	0.98	1.03	0.98	0.96	1.01	0.89	0.91	0.88	1.03	1.19	1.09	0.93	1.57	1.21
Large Cap Growth	1.02	1.00	1.05	1.00	0.98	1.03	0.91	0.92	0.90	1.05	1.21	1.11	0.95	1.60	1.23
Large Cap Value	0.97	0.95	1.00	0.96	0.94	0.98	0.87	0.88	0.86	1.00	1.15	1.06	0.91	1.53	1.17
Mid Cap Core	1.02	1.00	1.05	1.00	0.98	1.03	0.91	0.92	0.90	1.05	1.21	1.11	0.95	1.60	1.23
Mid Cap Growth	1.04	1.02	1.07	1.02	1.00	1.05	0.93	0.94	0.92	1.07	1.23	1.13	0.97	1.63	1.25
Mid Cap Value	0.99	0.97	1.02	0.98	0.96	1.00	0.89	0.90	0.88	1.02	1.18	1.08	0.92	1.56	1.20
Small Cap Core	1.12	1.10	1.15	1.10	1.08	1.13	1.00	1.01	0.99	1.15	1.33	1.22	1.04	1.76	1.35
Small Cap Growth	1.10	1.09	1.14	1.09	1.06	1.11	0.99	1.00	0.98	1.14	1.31	1.20	1.03	1.73	1.33
Small Cap Value	1.13	1.11	1.16	1.11	1.09	1.14	1.01	1.02	1.00	1.16	1.34	1.23	1.05	1.78	1.37
Int'l. Developed	0.97	0.96	1.00	0.96	0.94	0.98	0.87	0.88	0.86	1.00	1.16	1.06	0.91	1.53	1.18
Emerging Markets	0.84	0.83	0.87	0.83	0.81	0.85	0.75	0.76	0.74	0.87	1.00	0.92	0.78	1.32	1.02
REITs	0.92	0.90	0.94	0.90	0.88	0.93	0.82	0.83	0.81	0.94	1.09	1.00	0.85	1.44	1.11
Commodities	1.07	1.05	1.10	1.06	1.03	1.08	0.96	0.97	0.95	1.10	1.27	1.17	1.00	1.68	1.30
Int. Bond	0.64	0.63	0.66	0.63	0.61	0.64	0.57	0.58	0.56	0.65	0.76	0.69	0.59	1.00	0.77
High Yield	0.83	0.81	0.85	0.81	0.80	0.83	0.74	0.75	0.73	0.85	0.98	0.90	0.77	1.30	1.00

Source: Bloomberg

The Relative Strength Matrix provides an indication of how the various asset classes have performed relative to one another over the past 30 days. A number greater than 1.0 indicates that the asset class in the far left column has outperformed the corresponding asset class in the top row over the past 30 days. A number below 1.0 means the asset class on the left has underperformed the asset class at the top. The green shading indicates outperformance, and the red shading indicates underperformance.

Index Overview & Key Definitions

Fed, The Fed or FED refers to the Federal Reserve System, the central bank of the United States. The **Federal Open Market Committee (FOMC)** is the monetary policymaking body of the Federal Reserve System. **Fed Funds Rate**, the interest rate at which a depository institution lends funds maintained at the Federal Reserve to another depository institution overnight. The **European Central Bank (ECB)** is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The euro area comprises the 19 European Union countries that have introduced the euro since 1999. The **Gross Domestic Product (GDP)** rate is a measurement of the output of goods and services produced by labor and property located in the United States. **Basis Point(s)** is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. A **separately managed account (SMA)** is an individual managed investment account offered typically by a brokerage firm through one of their brokers or financial consultants and managed by independent investment management firms (often called money managers for short) and have varying fee structures. The **Consumer Price Index (CPI)** measures the change in the cost of a fixed basket of products and services. The **Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services. **Core CPI** is an additional CPI Index, excludes energy and food item price changes, and measures the "core" or "underlying" rate of inflation. The **PCE (Personal Consumption Expenditure) Index of Prices** is a US--wide indicator of the average increase in prices for all domestic personal consumption. Using a variety of data including U.S. Consumer Price Index and Producer Price Index prices, it is derived from personal consumption expenditures; essentially a measure of goods and services targeted towards individuals and consumed by individuals. The **Purchasing Managers' Index (PMI)** is an indicator of the economic health of the manufacturing sector. The **PMI** is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. **Brexit** is a commonly used term for the United Kingdom's withdrawal from the European Union. The **Kansas City Fed Manufacturing Survey** monitors manufacturing plants selected according to geographic distribution, industry mix and size in the Tenth Federal Reserve District. **West Texas Intermediate (WTI)**, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. **Risk Premium** is the return in excess of the risk-free rate of return an investment is expected to yield. **LIBOR or ICE LIBOR** (previously BBA LIBOR) is a benchmark rate, which some of the world's leading banks charge each other for short-term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world. The **Business Inflation Expectations (BIE) Survey** was created to measure the year-ahead inflationary sentiments of businesses in the Sixth District. It also helps inform our view of the sources of cost changes and provides insight into the factors driving business' pricing decisions. The **EIA Petroleum Status Report** is published weekly by the Energy Information Administration. It contains estimates by the EIA on various petroleum data including imports and exports, ending stocks, production, and prices.

The **Dow Jones Industrial Average (DOW or DJIA)** is an unmanaged index of 30 common stocks comprised of 30 actively traded blue chip stocks, primarily industrials and assumes reinvestment of dividends. The **S&P 500 Index** is an unmanaged index comprised of 500 widely held securities considered to be representative of the stock market in general. The **S&P/Case-Shiller Home Price Indices** measure the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. The **Nasdaq Composite Index** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. The **US Dollar Index** is a measure of the value of the United States dollar relative to a basket of foreign currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies (Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona (SEK) & Swiss franc). The **FTSE 100 Index (FTSE 100)** is a share index of the 100 companies listed on the London Stock Exchange (LSE) with the highest market capitalization. The **Bloomberg Commodity Index** (formerly the **Dow Jones-UBS Commodity Index**) tracks prices of futures contracts on physical commodities on the commodity markets and is designed to minimize concentration in any one commodity or sector (currently 22 commodity futures in seven sectors). The **Barclays Capital US Credit Index** is an unmanaged index considered representative of publicly issued, SEC-registered US corporate and specified foreign debentures and secured notes. The **Barclays Capital US Aggregate Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The **Barclays Capital US Corporate High Yield Index** covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index may include emerging market debt. The **Barclays Capital Municipal Bond Index** is an unmanaged index comprised of investment-grade, fixed-rate municipal securities representative of the tax-exempt bond market in general. The **Barclays Capital US Treasury Total Return Index** is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more. The **Barclays Capital Global Aggregate ex-U.S. Index** is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes Treasury securities, Government agency bonds, Mortgage-backed bonds, Corporate bonds, and a small amount of foreign bonds traded in U.S. The **Barclays Capital U.S. 5-10 Year Corporate Bond Index** measures the investment return of U.S. dollar denominated, investment-grade, fixed rate, taxable securities issued by industrial, utility, and financial companies with maturities between 5 and 10 years. Treasury securities, mortgage-backed securities (MBS) foreign bonds, government agency bonds and corporate bonds are some of the categories included in the index. The **Barclays Capital U.S. Corporate High-Yield Index** is composed of fixed-rate, publicly issued, non-investment grade debt. The **Barclays Capital U.S. Corporate 5-10 Year Index** includes U.S. dollar-denominated, investment-grade, fixed-rate, taxable securities issued by industrial, utility, & financial companies, with maturities between 5 & 10 years. The **Russell 1000 Index** is a market capitalization-weighted benchmark index made up of the 1000 largest U.S. companies in the Russell 3000 Index. The **Russell 1000 Growth Index** is an unmanaged index considered representative of large-cap growth stocks. The **Russell 1000 Value Index** is an unmanaged index considered representative of large-cap value stocks. The **Russell 2000 Index** is an unmanaged index considered representative of small-cap stocks. The **Russell 2000 Growth Index** is an unmanaged index considered representative of small-cap growth stocks. The **Russell 2000 Value Index** is an unmanaged index considered representative of small-cap value stocks. The **Russell 3000 Index** is an unmanaged index considered representative of the US stock market. The **Russell Midcap Index** is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The **Russell Midcap Growth Index** is an unmanaged index considered representative of mid-cap growth stocks. The **Russell Midcap Value Index** is an unmanaged index considered representative of mid-cap value stocks. The **HFRX Indices** are a series of benchmarks of hedge fund industry performance which are engineered to achieve representative performance of a larger universe of hedge fund strategies. Hedge Fund Research, Inc. employs the HFRX Methodology (UCITS compliant), a proprietary and highly quantitative process by which hedge funds are selected as constituents for the HFRX Indices. The **University of Michigan Consumer Sentiment Index (MCSI)** is a survey of consumer confidence conducted by the University of Michigan using telephone surveys to gather information on consumer expectations regarding the overall economy. The **CBOE Volatility Index (VIX)** is an up-to-the-minute market estimate of expected volatility that is calculated by using real-time S&P 500 Index option bid/ask quotes. The Index uses nearby and second nearby options with at least 8 days left to expiration and then weights them to yield a constant, 30-day measure of the expected volatility of the S&P 500 Index. The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. The **MSCI EAFE Growth Index** is an unmanaged index considered representative of growth stocks of Europe, Australasia and the Far East. The **MSCI EAFE Value Index** is an unmanaged index considered representative of value stocks of Europe, Australasia and the Far East. The **MSCI EM (Emerging Markets) Latin America Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets in Latin America. The **MSCI World ex-U.S. Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries - excluding the US. With 1,002 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The **MSCI Japan Index** is designed to measure the performance of the large and mid-cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan. The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The **MSCI Europe Index** is an unmanaged index considered representative of stocks of developed European countries. The **MSCI Pacific Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The **Barclays Intermediate US Government/Credit Bond Index** is a market capitalization-weighted index of investment-grade, fixed-rate debt issues, including Treasuries, government-related and U.S. corporate securities, with maturities of at least one year and less than 10 years. The **NY Empire State Manufacturing Index** is based on the monthly survey of manufacturers in New York State – known as the Empire State Manufacturing Survey – conducted by the Federal Reserve Bank of New York. The **S&P The Dow Jones Wilshire U.S. REIT Index** tracks the performance of publicly traded REITs and REIT-like securities and is designed to serve as a proxy for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. The **Russell Top 200 Index** measures the performance of the 200 largest companies in the Russell 1000 Index, with a weighted average market capitalization of \$186 billion. The **Barclays 1-3 Year US Treasury Bond Index** measures public US Treasury obligations with remaining maturities of one to three years. The **S&P LSTA Leveraged Loan Index** is an unmanaged capitalization-weighted syndicated loan index based upon market weightings, spreads and interest payments. It covers the US market back to 1997 and currently calculates on a daily basis. The **MBA Market Composite Index** is a measure of mortgage loan application volume.

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