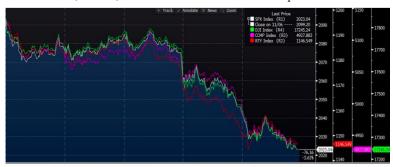
Macroeconomic Overview

U.S. Markets

| Index | Weekly % Change | YTD % Change |
|----------------------|-----------------|--------------|
| S&P 500 | -3.63% | -1.74% |
| Dow Jones Industrial | -3.71% | -3.24% |
| NASDAQ Composite | -4.26% | +4.05% |
| Russell 2000 | -4.43% | -4.83% |
| VIX | +40.13% | +4.58% |

U.S stocks finally broke their positive momentum, and had their worst week since the August selloff. All major indices recorded hefty losses last week as disappointing economic data added to uncertainty about the imminent interest rate increase.

Investors took some profits off the table, causing the S&P 500 to dip back into negative year-to-date territory, as did the other major indices apart from the NASDAQ Composite. The S&P lost 3.63% through Friday, recording only one positive close over the past five trading days. Similarly, the DJIA lost more than 600 points to close at 17,245.24, a decrease of 3.71%. Small caps suffered even heavier losses, with the Russell 2000 falling



S&P 500, DJIA, NASDAQ Composite, Russell 2000 5-day chart.

4.43%, while the NASDAQ Composite lost 4.26% to settle below 5,000 for the first time in November. The decline was mostly caused by disappointing economic data from the rest of the world, which provided further evidence that global economic growth is slowing down. On Thursday, initial jobless claims for the previous week were released, and were unchanged at

276,000. Later during the day, the JOLTS report was published, showing 5.526 million job openings for September, up from 5.377 million in the previous month. The next day, U.S retail sales for October came in below expectations, rising just 0.1% and falling short of the analyst consensus of 0.3%... The stock selloff caused volatility to increase sharply, with the VIX jumping over 40% from 15 to 20. The decline in U.S stocks was not sufficient to move gold up, which lost less than a percentage point to settle at \$1,083.91/oz., while silver finished the week 3.49% lower at \$14.26. Crude oil production increased again in the previous week, with inventories rising 4.2 million barrels according to the EIA. The report sent Brent below \$45 again, to finish the week down 8.03% at \$43.61, while WTI crude lost 8.02% to settle at \$40.74. Earnings season is coming to an end, as over 90% of S&P 500 companies have already reported third quarter results, including 18 last week. The quarter has been fairly disappointing in terms of sales figures, with less than half the S&P 500 reporting sales above mean analyst estimates, while 74% of companies beat earnings per share estimates. In other corporate news, rating agency Fitch cut Volkswagen's (VLKAY) credit rating two notches to BBB+ in reaction to the emissions cheating scandal, while the board of directors of SABMiller (SAB.LN) announced its approval of ABInbev's \$105.5 billion takeover offer. Next week, investors will be expecting the October industrial production report on Tuesday, which is expected to show a modest 0.1% increase after two months of consecutive declines. On Tuesday, investors will be eveing the October CPI report, with prices expected to increase 0.2% over September. On Wednesday, October housing starts will be published, and analysts expect the pace to slow down slightly to 1.16 million from 1.2 million in September. The weekly petroleum status report is due on Wednesday, and the jobless claims report for last week will be published on Thursday.

International Markets

International equity markets had a slightly better week than American markets last week, even though most international benchmarks also posted losses. France's CAC 40 lost 1.13%, while Germany's DAX finished the week 1.81% lower after the country's industrial output decreased 1.2% in September. Broader benchmarks such as the Bloomberg European 500 and the Stoxx Europe 600 lost 2.62% and 2.74% respectively, while the MSCI EAFE posted a decrease of 1.83%. In Asia, Chinese equity markets slowed down last week, as exports and imports decreased, while industrial output for October grew at the slowest pace in seven years. As a result, the Shanghai Composite lost 0.26%, while the Shenzhen Composite managed to advance 2.47%. Several key economic reports are expected next week, such as the Eurozone and U.K. CPI on Monday and Tuesday, Japanese exports and trade balance on Wednesday, and U.K. October retail sales on Thursday.