

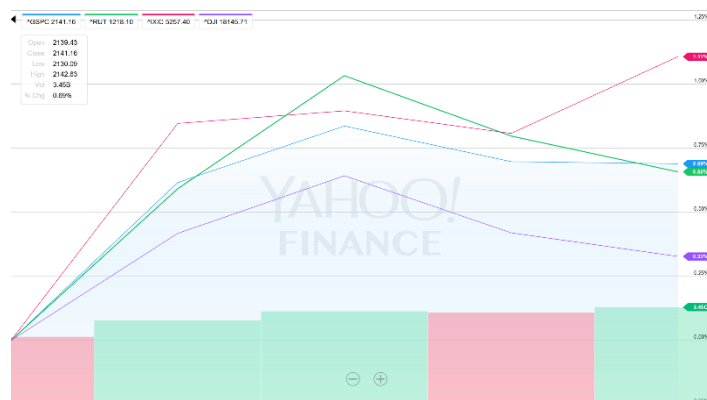
# Macroeconomic Overview

## U.S. Markets

	Index	Weekly % Change	YTD % Change
SPX Index	S&P 500	0.38%	4.76%
INDU Index	Dow Jones Industrial	0.04%	4.14%
CCMP Index	NASDAQ Composite	0.83%	4.99%
RTY Index	Russell 2000	0.47%	7.24%
VIX Index	VIX	-17.25%	-26.74%

Microsoft following earnings reports. Indeed, Microsoft stock managed finally to break through the record high it established in 1999. Macroeconomic concerns seemed to play only a small role, although rising oil prices and reassuring signals on the Chinese economy seemed to boost energy and materials shares. The week brought little significant economic data, but conviction appeared to grow that the Federal Reserve would raise interest rates by the end of the year. On Wednesday, New York Fed President William Dudley told a gathering that a

quarter-point increase by the end of the year “is not really that big of a deal.” With other central banks still on hold, expectations of a rate hike helped the U.S. dollar reach its highest level in eight months by the end of the week. Uncertainty surrounding the upcoming elections may have also continued to influence sentiment, with more attention now turning to control of the House of Representatives and Senate. US Federal Reserve Vice-Chair Stanley Fischer said this week that the central bank is very close to achieving its twin goals of full employment and inflation near 2%.



**Commodities:** Crude prices closed higher Friday, reversing earlier losses as a stronger U.S. dollar failed to subdue optimism over a tightening market. Gold prices shuffled between gains and losses Friday, as investors weighed the pressures of a stronger dollar against an expected surge of demand from India.

Gold for December delivery closed broadly flat at \$1,267.70 a troy ounce on the Comex division of the New York Mercantile Exchange. Prices were as low as \$1,261.70 a troy ounce earlier in the session. Silver for December delivery was recently down 0.17% at \$17.49 a troy ounce, platinum was down 0.3% at \$932.30 a troy ounce, and palladium was down 1.9% at \$620.75 a troy ounce

**Specific news:** AT&T’s blockbuster \$85.4 billion deal to buy Time Warner Inc. promises to reshape the media landscape—if the companies can navigate a series of obstacles, including possible opposition from U.S. antitrust authorities and objections by lawmakers and media and telecom rivals.

**Next week ahead:** Next week, manufacturing and service PMI reports will be released on Monday and Wednesday, respectively. Then on Friday, GDP for the third quarter will be reported.

## International Markets

	Index	Weekly % Change	YTD % Change
BE500 Index	BE 500	1.44%	-6.44%
SXXP Index	Stoxx Europe 600	1.28%	-5.88%
DAX Index	DAX	1.23%	-0.30%
UKX Index	FTSE 100	0.10%	12.47%
CAC Index	CAC 40	1.46%	-2.18%
NKY Index	Nikkei 225	1.72%	-9.68%
SHCOMP Inde	Shanghai Composite	1.67%	-12.63%
SZCOMP Inde	Shenzhen Composite	1.26%	-11.08%

**Europe:** European stocks ended the week higher, supported partly by better-than-expected earnings updates from some eurozone companies, including SAP, the region's largest software firm. The Pan-European benchmark Stoxx 600, London's FTSE 100, and Frankfurt's DAX all recorded

gains. The European Central Bank (ECB) kept interest rates and its monetary stimulus program unchanged at its October monetary policy meeting during the week. At a press conference following the announcement, ECB President Mario Draghi left the door open to extending the central bank's quantitative easing measures at its December meeting. The euro fell to a seven-month low against the dollar. Inflation in the United Kingdom rose 1% in September, the fastest annual rate in two years. While the Office for National Statistics said there was no explicit evidence that the fall in the pound's exchange rate had pushed up prices, economists expect higher import costs resulting from the currency's post-Brexit depreciation to underpin inflation in coming months. Matching an 11-year low, the UK unemployment rate held steady at 4.9% in the three months ended 31 August. Labor markets have largely shrugged off Brexit concerns thus far, though the process of leaving the European Union has yet to officially begin.

**Asia:** Japanese stocks rallied for the week on the back of strong corporate earnings and a weaker yen, but suffered a modest setback on Friday after an earthquake rocked Western Japan. On the week, the Nikkei 225 gained 1.9% and closed at 17,184.59. Japan's low rate environment has sparked a decline in equity financing in favor of bond issuance. The Nikkei reported Japan's listed companies bought back a record ¥4.35 trillion (\$41.8 billion) of their own shares from January to September. The move was driven by a push to improve capital efficiency and corporate governance.

China's economy grew 6.7% in this year's third quarter from a year ago, reassuring analysts worried about a steep slowdown that could hurt global demand. The latest quarter's growth matched China's economic expansion rate in the first and second quarters and puts China on track to meet its official 2016 growth target of 6.5% to 7.0%