The Bryn Mawr Trust Company

WEALTH MANAGEMENT DIVISION

Weekly Market Summary October 21, 2013

Global Markets breathed a sigh of relief as lawmakers agreed to reopen the US government last week. Markets, particularly equities moved up sharply, gaining on average about 2%. The deal extended the debt ceiling and created some much needed time for lawmakers to discuss these topics in greater detail. However, the new deadline will arrive again within the next three months and appears to portend that the activities in Washington DC will likely remain in the news headlines. In one respect, this deal appears to be more of a "ceasefire". With Washington, D.C. politics reaching historic lows in public opinion polls, the agreement also creates an increased focus on the size and scope of government, which may yield a far more productive balanced approach to shaping the budget of the US for the future. So far, it appears that calendar year 2013 will be remembered mostly for what did not happen.

The year-long rally in equities has sustained itself thus far by seeing Europe improve rather than plunging into a bottomless abyss. China's growth rate appears to have stabilized and we had previously commented on faster growth rates being projected. Syria is clearly a tragic human story but the US has not been dragged into another conflict, at least not as of this writing. The media coined term "taper" has become a household word that did not translate into action. The Fed decided to evaluate more data as well as avoid what they correctly predicted as dysfunctional fiscal policy by the government, thus creating relief for some market pundits. We maintain the view that economic growth both in the US and around the world will continue in some methodical fashion and will support equities generally. While it is difficult at this point to estimate any lasting effect of the shutdown on US GDP, we at Bryn Mawr Trust see 2013 real GDP coming in around 2.0% this year, highlighting the slow but steady improvement in the economy.

With third quarter earnings now back in the forefront, last week's results proved to be wide ranging in the magnitude of both excellent and lower than expected quarterly profit announcements. FactSet cites thus far that earnings reports are meeting or exceeding estimates about 70% of the time, which is close to historical averages. We would like to point out that most expectations have been significantly reduced. Indeed, some notable large capitalization companies reported unexpected losses and others extraordinary gains which managed to move indices by trading in their own stock alone. Once again, we have observed in prior publications that the correlation between individual stock price movements and indices has deteriorated and that selectivity has emerged and has been quite evident in results over the last four to five months.

It is unclear if all of the US economic data that was not reported will be issued prior to next week but the much awaited monthly jobs report for September should be released tomorrow (Tuesday, 10/22). For the upcoming week, the following new reports are scheduled for release: Existing Home Sales, Chicago Fed National Activity, Richmond Fed Manufacturing, and FHFA House Price Index. Later in the week, Jobless Claims, PMI Manufacturing Index Flash, New Home Sales, Kansas City Fed Manufacturing, Durable Goods and Consumer Sentiment numbers will be released.

Market Indices for the Week Ending 10/18/2013

US MARKETS	Index	W/W*	YTD*	TTM*
S&P 500 Index	1744.50	2.42%	22.32%	21.72%
NASDAQ Comp.	3914.28	3.23%	29.63%	30.23%
Dow Jones Ind. Avg	15399.65	1.07%	17.52%	15.41%
Russell 2500	430.88	2.81%	31.25%	35.78%
S&P Midcap 400	1290.59	2.33%	26.48%	30.71%
S&P Smallcap 600	632.74	2.80%	32.77%	37.91%

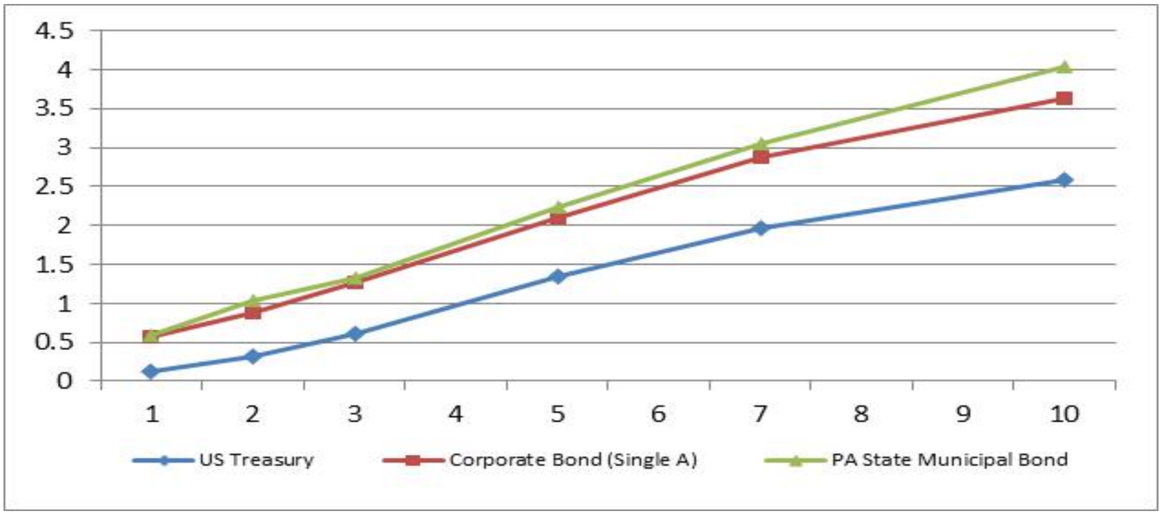
WORLD MARKETS	Index	W/W*	YTD*	TTM*
Frankfurt (DAX)	8,865.10	1.61%	16.46%	19.20%
Hong Kong (Hang Sang)	23,340.10	1.69%	3.02%	8.30%
London (FTSE 100)	6,622.58	2.09%	12.29%	11.92%
Tokyo (Nikkei 225)	14,561.54	2.58%	40.08%	61.75%
MSCI Emerging Markets	1,042.06	1.90%	-1.25%	3.58%
MSCI EAFE	1,878.47	2.49%	17.11%	21.15%

Sector Weightings for the S&P 500	% of S&P 500	MTD*	QTD*	YTD*
Telecom	2.44%	4.49%	4.49%	6.82%
Utilities	3.13%	2.94%	2.94%	10.00%
Materials	3.52%	3.62%	3.62%	15.57%
Technology	17.85%	3.51%	3.51%	15.88%
Industrials	10.65%	2.97%	2.97%	25.50%
Health Care	13.06%	3.90%	3.90%	31.52%
Financials	16.46%	5.05%	5.05%	27.43%
Cons. Staples	10.07%	3.99%	3.99%	18.25%
Cons. Discretionary	12.31%	2.40%	2.40%	30.78%
Energy	10.51%	4.20%	4.20%	18.26%

FIXED INCOME Yields	2 YR	5 YR	10 YR
US Treasury	0.32%	1.34%	2.59%
PA State Municipal Bonds	1.04%	2.24%	4.04%
Corporate Bonds	0.89%	2.10%	3.63%

* W/W = Week Over Week
* YTD = Year to Date
* TTM = Trailing Twelve Months

Fixed Income Income Yield Curves



Source: Bloomberg, L.P.

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