



## The Bryn Mawr Trust Company

WEALTH MANAGEMENT DIVISION

### Weekly Market Summary October 6, 2014

Friday's strong employment report indicating a gain of 248,000 new non-farm payroll jobs for the month of September propelled most domestic equity indices up an average of 1% for the day. Last week's financial market action was an example of the more volatile conditions recently as the broad domestic equity market Index S&P 500 declined approximately 2.7% on an intraday basis from Tuesday (9/30) through noon on Thursday (10/2). Over the course of 2013 and year-to-date 2014, there have been a number of price corrections on the magnitude of 3-5% for the broad benchmark S&P 500, which we view as consistent with a long dated market rebound. By the close of business for the week, most equity averages finished lower by less than 1% than where they started and the ten year bond yielded 2.44%.

The September jobs data indicates that the previously released August report was more of an anomaly rather than a softening trend. The report also provided an upward revision to the July and August data of 69,000 additional jobs. The unemployment rate ticked down a full 2/10 of 1% to 5.9% and the average weekly hours worked rose 0.1 hours to 34.6 hours. Hourly earnings were unchanged portraying an absence of wage inflation. At The Bryn Mawr Trust Company, we continue to view positively the broad but uneven nature of the recovery and underscore the importance of focusing on the data flow as a long term series and not as singular events. The benign wage data gives the Federal Reserve more options as to timing and flexibility regarding its approach to monetary policy.

Both large cap stocks and longer duration bonds have benefited from the stronger U.S. dollar, particularly over the last several months. Throughout the last 12 months and particularly in the third quarter, large cap equities viewed as the S&P 500 have generally outperformed smaller cap domestic issues as represented by the Russell 2000. The S&P 500 has been propelled by corporate revenue and earnings growth and a benign interest rate environment. However, not all 10 sectors of the S&P 500 have performed in lockstep.

In the 12 month period through September 30, only three economic subsectors outperformed the broad S&P 500: Information Technology, Healthcare and Materials. The first two sectors noted, Information Technology and Healthcare have above average weighting within the index representing 19.52 % and 14.03 %, respectively, of the S&P 500 on a market capitalization basis. At The Bryn Mawr Trust Company, we continue to emphasize selectivity regarding asset and sub asset class selection and remain overweight U.S. equity and fixed income assets.

There are a number of releases this week, along with speeches by a number of Federal Reserve governors which garner a great deal of attention given the sensitivity to the timing and of any Fed action as it relates to a shift in monetary policy. On Wednesday (10/9), the September FOMC minutes will be released at 2PM, followed by Weekly Jobless Claims on Thursday (10/10). The markets will begin to get a glimpse of the trend in corporate profits as earnings reporting season gets underway this week with Alcoa reporting their earnings first on 10/8.

## Market Indices for the Week Ending 10/3/2014

| <b>US MARKETS</b>  | <b>Index</b> | <b>W/W*</b> | <b>YTD*</b> | <b>TTM*</b> |
|--------------------|--------------|-------------|-------------|-------------|
| S&P 500 Index      | 1967.90      | -0.75%      | 6.47%       | 16.41%      |
| NASDAQ Comp.       | 4475.62      | -0.81%      | 7.16%       | 17.54%      |
| Dow Jones Ind. Avg | 17009.69     | -0.60%      | 2.61%       | 12.85%      |
| Russell 2500       | 446.81       | -1.30%      | -5.06%      | 2.46%       |
| S&P Midcap 400     | 1364.40      | -1.57%      | 1.63%       | 8.68%       |
| S&P Smallcap 600   | 636.31       | -1.14%      | -4.39%      | 4.61%       |

| <b>WORLD MARKETS</b>  | <b>Index</b> | <b>W/W*</b> | <b>YTD*</b> | <b>TTM*</b> |
|-----------------------|--------------|-------------|-------------|-------------|
| Frankfurt (DAX)       | 9,195.68     | -3.31%      | -3.73%      | 6.95%       |
| Hong Kong (Hang Sang) | 23,064.56    | -3.58%      | -1.04%      | -0.32%      |
| London (FTSE 100)     | 6,527.91     | -1.83%      | -3.28%      | 1.22%       |
| Tokyo (Nikkei 225)    | 15,708.65    | -3.21%      | -3.58%      | 12.01%      |
| MSCI Emerging Markets | 997.27       | -1.20%      | -0.54%      | -1.06%      |
| MSCI EAFE             | 1,792.34     | -3.02%      | -6.43%      | -1.34%      |

| <b>Sector Weightings for the S&amp;P 500</b> | <b>% of S&amp;P 500</b> | <b>MTD*</b> | <b>QTD*</b> | <b>YTD*</b> |
|--|-------------------------|-------------|-------------|-------------|
| Telecom                                      | 2.44%                   | -0.11%      | -0.11%      | 3.50%       |
| Utilities                                    | 3.04%                   | 1.04%       | 1.04%       | 11.91%      |
| Materials                                    | 3.38%                   | -2.25%      | -2.25%      | 4.77%       |
| Technology                                   | 19.52%                  | -0.85%      | -0.85%      | 11.76%      |
| Industrials                                  | 10.24%                  | -0.66%      | -0.66%      | 0.58%       |
| Health Care                                  | 14.03%                  | 0.69%       | 0.69%       | 16.00%      |
| Financials                                   | 16.45%                  | 0.44%       | 0.44%       | 6.43%       |
| Cons. Staples                                | 9.63%                   | 0.65%       | 0.65%       | 5.76%       |
| Cons. Discretionary                          | 11.78%                  | 0.41%       | 0.41%       | 0.19%       |
| Energy                                       | 9.50%                   | -2.24%      | -2.24%      | -0.83%      |

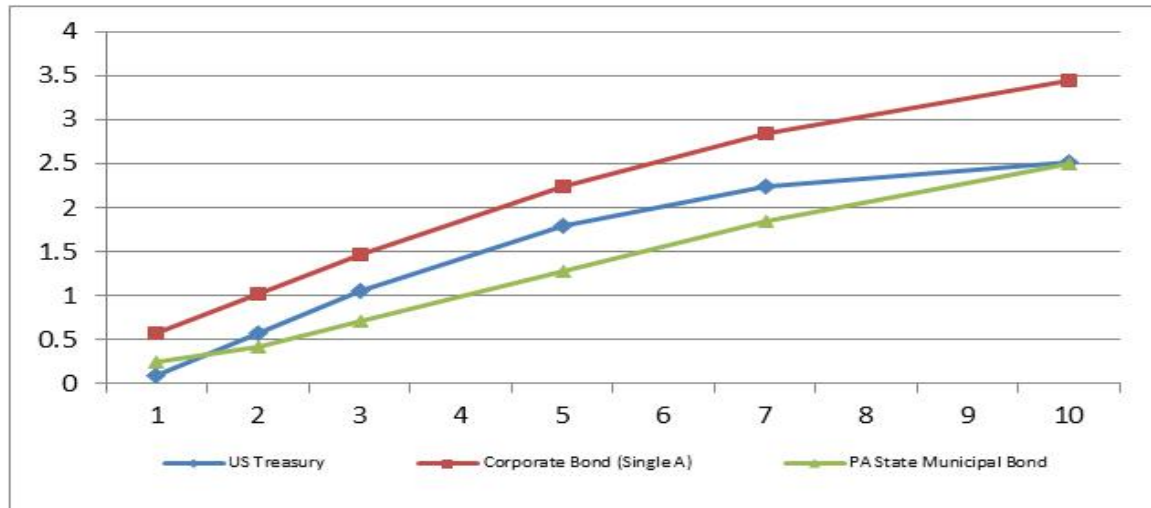
| <b>FIXED INCOME Yields</b>      | <b>2 YR</b> | <b>5 YR</b> | <b>10 YR</b> |
|---------------------------------|-------------|-------------|--------------|
| <b>US Treasury</b>              | 0.56%       | 1.73%       | 2.44%        |
| <b>PA State Municipal Bonds</b> | 0.44%       | 1.31%       | 2.55%        |
| <b>Corporate Bonds</b>          | 0.88%       | 2.05%       | 3.12%        |

\* 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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