



## Market Summary – October 24, 2016

*For the week ending October 21*

*This summary is provided by BMT Wealth Management.*

### Economics

As was the case two weeks ago, the economic calendar last week was rather light. The earnings calendar, however, was anything but, with the pace of quarterly earnings announcements picking up from the prior week.

This week will prove to be even more busy on the earnings front, as roughly one-third of the companies within the S&P 500 are slated to announce results.

Outside of the financial markets, Wednesday (Oct. 19) was noteworthy in that the last of the three presidential debates took place in Las Vegas. Given some of the recent events and revelations, many now believe that either party has a chance at controlling the Senate and the House of Representatives next term. This issue has created an added degree of uncertainty for the financial markets. That said, one thing that seems certain is that this presidential campaign has been like no other.

### Equity Markets

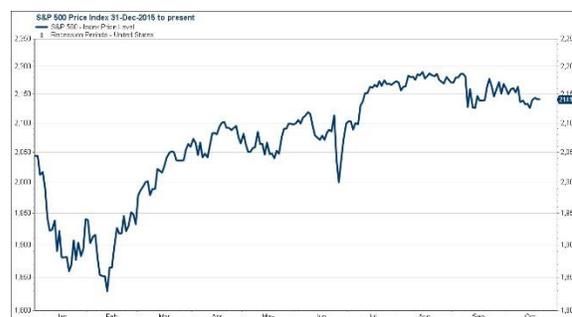
After two consecutive weeks of losses, the S&P 500 Index was able to put one in the win column, as the Index finished last week with a gain of 0.41%.

The year-to-date total return on the Index now stands at 6.6%, which is more than 1% below where it stood at the close of the third quarter.

As the graph below displays, the Index has experienced two noteworthy declines during

2016, but has spent much of the past three months moving sideways to modestly lower.

**S&P 500 Price Index  
12/31/2015 – 10/21/2016**



Source: FactSet, Inc.

Looking at individual sectors within the S&P 500, Financials performed particularly well last week, posting a gain of better than 1%. Going the other way were the more defensive Consumer Staples stocks, which ended the week with modest losses.

Foreign equities also ended last week with gains, with the MSCI Emerging Markets Index advancing by 1.6%, to bring its year-to-date tally to 17.1%. The MSCI EAFE Index of developed international stocks was up 0.5% for the week.

### Fixed Income

Yields on some shorter-term Treasuries ticked higher last week, as rates on longer-dated Treasuries moved lower, leading to a slight flattening of the yield curve.

The biggest move in yield along the curve was seen on the 30-year Treasury, which declined by seven basis points (-0.07%), to end the week at 2.49%. The yield on the 10-year Treasury fell by six basis points (-0.06%) and ended the week yielding 1.74%.

Interestingly, the 10-year Treasury had started last week yielding 1.80%. It pierced through the 1.80% level early in the week, which was a yield that was last seen on a sustained basis back in the late-May to early-June timeframe. For the year, the yield on the 10-year has ranged from a post-Brexit low of 1.36% to a high of 2.27%.

## Our View

As noted last week, we are closely monitoring company earnings to see whether any valuation adjustments are necessary.

On the fixed income front, we continue to be very cognizant of duration risk within portfolios, believing that interest rates are likely to trend modestly higher over the coming months.

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## BMT in the Press

Bryn Mawr Trust professionals are regularly sought after by the media for their insights on financial matters. The following is a highlight from the past week.

### Week of Earnings Beats Can't Jolt U.S. Stocks from 30-Day Rut (10/21/2016)

Ernie Cecilia, Chief Investment Officer at BMT, spoke with [Bloomberg](#) to weigh in on recent market activity.

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