

[Click here to view the pdf.](#)

EVERGREEN INSIGHTS: A WEEKLY SNAPSHOT

SEPTEMBER 28, 2015

Top News Headlines

- 1) Investor Concern Increases on VW Scandal & Glencore Default Concerns
- 2) Federal Open Market Committee Voters Send Mixed Message on Interest Rates
- 3) Pro-Independence Parties Win the Majority of Seats in Catalonia's Regional Election, but Fall Short of a Clear Mandate to Break Away from Spain

Economic News

- US Q2 GDP growth revised up to 3.9% on stronger consumer spending & construction.
- US inflation, as indicated by YoY core PCE, remains weak at 1.3%, but has modestly improved over the summer months.
- France hangs on the brink of recession with 0.0% Q2 GDP growth.
- An 8.8% YoY decline in industrial profits in August and a weaker than expected September PMI of 47 stokes hard landing fears in China.
- Emerging market currencies continue to crumble as several set new lows against the dollar.

Thought of the Week

Bull markets are based on trust and confidence – both of which now seem to be evaporating at a macro and micro level in major markets around the world. In addition to China's confidence-shattering failure to save its equity market over the summer, and the confusing message coming out of a clearly-divided Fed in recent weeks, investors can now add corporate debt sustainability and compliance scandals to their list of concerns. As if the news that Volkswagen has been cheating on US air pollution tests since 2009 and may be liable for repairs and updates to roughly 11 million vehicles worldwide were not enough, this morning's sharp 30% collapse in Swiss commodity giant Glencore's stock has investors questioning not only the firm's restructuring plans, but their own due diligence efforts. Amongst the confusion, we're seeing a widening in credit spreads, a broad-based sell-off in global equity markets, and flight to safe haven assets in what we believe may be a prelude to a much deeper correction in global financial markets.

Chart of the Week

Is the US Bull Market at Risk?



Source: Bloomberg, Evergreen Gavekal

Index Levels	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
S&P 500	1931	1958	2059	1966
Dow Jones 30	16315	16385	17823	16946
Nasdaq	4686	4827	4736	4467
Russell 2000	1123	1163	1205	1110

Market Returns	1 week	1 month	YTD	1 Year
S&P 500	-1.4%	-0.3%	-4.8%	0.3%
Russell 2000	-3.5%	-0.7%	-5.9%	2.5%
Barclays Agg	-0.2%	0.4%	0.6%	2.5%
MSCI World	-2.2%	-1.2%	-4.9%	-4.0%
MSCI Europe	-1.6%	-0.4%	3.7%	4.2%
MSCI Japan	-0.6%	-1.8%	3.0%	9.0%
MSCI China	-3.6%	2.7%	-10.3%	-7.1%
MSCI Brazil	-6.2%	-10.7%	-39.1%	-50.7%
MSCI Emerging Markets	-4.9%	0.5%	-15.6%	-20.9%

Market Valuations	P/E Trailing	P/E Forward	P/Sales	Dividend Yield
S&P 500	17.1	16.4	1.7	2.2
Russell 2000	18.7	15.6	1.1	1.6
FTSE 100 (Europe)	21.8	14.9	1.0	4.3
Hang Seng (Hong Kong)	9.0	10.6	1.6	4.0

Bond Yields	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.69	0.68	0.67	0.55
10 Year Treasury	2.16	2.13	2.17	2.50
Investment Grade	3.97	3.91	3.70	3.62
Muni Yield	2.51	2.52	2.32	2.75
High Yield	7.65	7.30	6.80	6.13

Consumer Rates				
15 Year Mortgage	2.96	2.92	3.09	3.22
30 Year Mortgage	3.83	3.83	3.99	4.12
Consumer Confidence	101.54	101.54	93.06	93.42

Commodities				
Gold	1146.4	1139.0	1184.9	1221.5
Silver	15.1	15.2	15.7	17.5
WTI Crude Oil	45.7	44.7	53.3	92.5
Natural Gas	2.6	2.6	2.9	4.0

Currency				
Dollar Index	96.27	94.86	90.27	85.20
\$ per Euro	1.120	1.130	1.210	1.275
Yen per \$	120.59	120.00	119.68	108.75
CAD per \$	1.334	1.323	1.162	1.111

Disclosure: The specific securities identified and described do not represent all of the securities purchased, held, or sold for advisory clients, and you should not assume that investments in the securities were or will be profitable. Volkswagen and Glencore are used to illustrate well publicized examples of recent market scandals and volatility. You should not assume that an investment in any of these securities was or will be profitable. ECM does not currently hold or recommend Volkswagen or Glencore.

