CHIEF INVESTMENT OFFICE

Capital Market Outlook

September 21, 2020

All data, projections and opinions are as of the date of this report and subject to change.

IN THIS ISSUE:

- **Macro Strategy**—The endogenous factors that drive U.S. business capital expenditure spending (CAPEX) are mostly supportive heading into 2021, even with the anticipated weakness in aircraft and some areas of nonresidential structures. This is a decent backdrop for technology stocks, industrial capital goods stocks and the S&P 500 more broadly.
- **Global Market View**—Reshoring could prove to be a supportive catalyst for future growth in U.S. output and earnings, driven in part by automation and immigration. The former is a given, but the latter—immigration—is a wildcard for the future of American competitiveness.
- **Thought of the Week**—The pandemic affected back-to school retail sales, which looks different in composition and cadence than previous years, will largely in the end be flat with the previous year. Consumer electronics and home learnings resources seem to be leading the category spending shift.
- **Portfolio Considerations**—For now, we do expect minor consolidation after earnings season as some enthusiasm wanes, cyclicals attempt to balance out the high growth sectors, and investors remain grounded with the presidential election approaching. This is an opportune time, in our view, to re-examine portfolio strategy and have plans ready for the next "breaking away" period in the economy and equity markets.

MACRO STRATEGY

Jonathan W. Kozy
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GLOBAL MARKET VIEW

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THOUGHT OF THE WEEK

CIO Equity Strategy Team—
Consumer Discretionary/Staples

Data as of September 21, 2020, and subject to change.

MACRO STRATEGY

Cultivating the Future Economy

Jonathan W. Kozy, Director and Senior Macro Strategy Analyst

It has been suggested by some that the S&P 500 is not a very good proxy for the overall U.S. economy, as the sector weights do not cozy up nicely to sector weights in the national accounts data, where gross domestic product (GDP) is calculated. That is probably right because investors are allocating capital based on the next economy, not the current economy. The S&P 500 is a leading indicator for the economy, not a coincident indicator. Because business executives are also forward looking, skating to where the puck is heading by investing in capital that will drive future productivity, the S&P 500 probably aligns better with business investment spending. For example, similar to the S&P 500 profits and sector weights, U.S. CAPEX has evolved to be tech-heavy, with over half of business spending coming from information processing equipment and intellectual property products. Tech is currently gaining share at the expense of more

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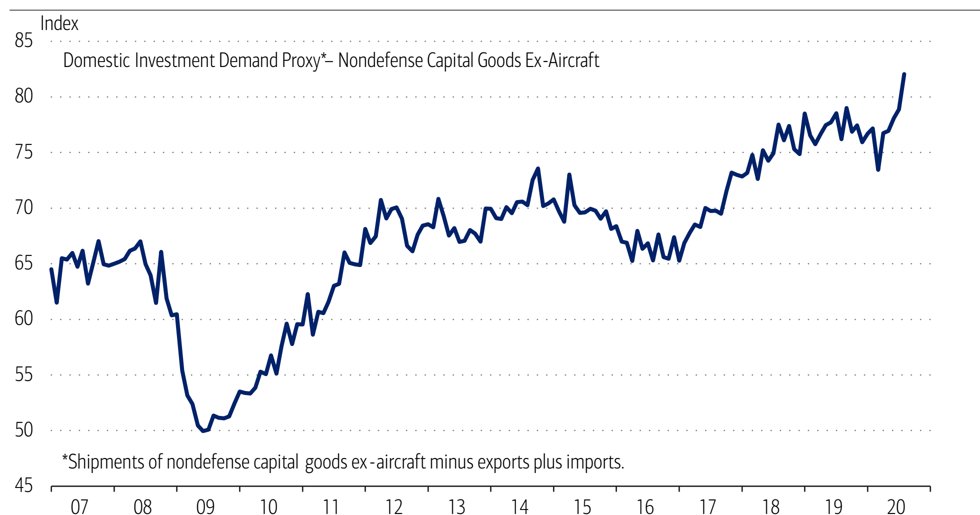
traditional areas of CAPEX like energy structures, which has also lost ground in the S&P 500. While the comparison certainly is not perfect, the broad idea is that the evolving sector mix in the S&P 500 reflects the anticipated future state of the U.S. economy that business executives are looking to cultivate through their investment decisions. Like the S&P 500, U.S. business investment has surprised to the upside and the endogenous factors that drive CAPEX suggest it is set up for moderate growth in 2021, in our view.

Specifically, core business investment spending in the U.S., as measured by shipments of nondefense capital goods orders excluding aircraft, has experienced a rapid V-shaped recovery. Factoring in the effect of trade as used in the calculation of business investment spending for GDP purposes, CAPEX has more than fully recovered its losses (Exhibit 1). Interestingly, this investment demand proxy and other metrics suggest the overall decline in CAPEX was extremely mild relative to the 2008/2009 Great Financial Crisis and is more comparable to the mid cycle slowdown caused by declining oil prices in 2015-2016. Businesses are looking through and beyond the pain of the coronavirus and likely see opportunities on the other side.

Exhibit 1: CAPEX Decline Shallower Than Expected.



Sources: Census Bureau/Haver Analytics. Data as of 7/31/2020. **Past performance is no guarantee of future results.**

One of the major reasons for the speed of the recovery is that U.S. consumers were generally in good shape from a balance sheet perspective heading into the pandemic and received a massive fiscal and monetary boost to spend on goods even as they pared back on riskier services spending. The strength in the auto, manufacturing and housing sectors is an important feature of this recovery because the goods part of the economy is relatively more important for overall CAPEX than services, which could continue to be hit relatively harder by the pandemic. There was not a recession in consumer spending on goods, which muted the impact on CAPEX. Even as the way consumers purchase goods (increasingly online) changes, the strength in consumer goods spending will likely lead to higher levels of business spending through the "accelerator effect." Housing in particular is currently booming, with the most recent National Association of Home Builders (NAHB) Home Builders Confidence Index reaching an all-time high last week. This may be the crutch that nonresidential structures (commercial real estate) need to eventually overcome the obvious pandemic-related headwinds to office and retail spaces.

The monetary policy boost that supported goods spending is here to stay and will be an important pillar for CAPEX through 2021, providing support through a number of channels. Directly, firms are seeing lower new issuance borrowing costs and are also refinancing debt at lower rates. From a corporate margin perspective, lower interest rates combined with labor market slack will help boost margins and free cash flow generation, making room for CAPEX. While rates are low, the data are not all positive on the financing front, however, as commercial banks are tightening standards for

commercial and industrial loans to both large and small businesses. This should be a headwind for businesses until banks have greater clarity on losses related to the pandemic. The Federal Reserve (Fed) plays an important role here as well by backstopping short-term business liquidity markets, adding a layer of confidence for businesses to keep investing.

The pandemic also highlights the growing role technology spending plays in overall U.S. CAPEX. Technology spending drives the trend in U.S. CAPEX in part because so much of it is mission-critical maintenance spending. As noted in our January *Capital Market Outlook* CAPEX update titled *Not Your Grandma's CAPEX*, we expected technology spending to continue to lead the way and gain share, and the pandemic has served to accelerate that process. Economists have long noted the muted cycles in business investment spending on technology, and this time was no different. While the coronavirus had some negative impact on activity, on both the demand and supply chain sides, the existing trends in cybersecurity, cloud computing, digitization and artificial intelligence remain in place and are the driving force in the bulk of tech spending on software and research and development. There was not even a recession in the more cyclical technology spending on hardware this time around, as the pandemic fueled demand for technology- and productivity-enhancing investments to facilitate work from home and virtual education solutions, for example.

Looking ahead, surveys of capital spending expectations seem to be improving both here and abroad. The National Federation of Independent Business (NFIB) small business survey is showing that firms have pared back spending the in last six months but future plans for spending are increasing. This suggests pent-up demand among small businesses in the U.S. Regional Fed manufacturing survey data are also showing a pickup in CAPEX expectations components, most recently evident in the New York Fed's Empire survey released last week, which showed a jump in the Future Capital Expenditures; Diffusion Index for Federal Reserve for six months ahead. The domestic CAPEX cycle is also influenced by global factors, and the data are mixed, but with a positive tilt. The fact that the global Purchasing Managers' Index (PMI) for manufacturing has moved into expansion territory and beyond pre-coronavirus levels suggests that global cyclical momentum is heading in the right direction. In Germany, the ZEW Financial Market Survey showed profit expectations for machinery (seasonally adjusted), a leading indicator of CAPEX, reached positive territory for the first time since 2018 in August and September to date. To be fair, not all global survey data are upbeat. In Japan, small and medium business survey data on equipment production capacity are yet to show a turn, and Japan's manufacturing PMI remains in contraction territory.

There ccontinue to be structural headwinds that will dampen the rebound in CAPEX in 2021. The sectors that were experiencing headwinds pre-coronavirus are facing the same secular issues—namely, retail structures like shopping malls, energy and air transportation. Oil and gas companies in the U.S. are slashing CAPEX in response to lower-for-longer oil prices and ample global supply. It is worth noting that energy is only around 5% of total CAPEX in the U.S., so strong trends in technology spending can easily swamp a weak outlook for energy-related spending. And there are growing signs that large domestic energy companies are shifting investment toward "greener" pastures. The pandemic has added a great deal of uncertainty to the outlook for business structures more broadly and in key sectors like retail, with downside risk from work- from-home initiatives, fears of working in a large city and the rising prevalence of online shopping. It is possible it will take a several years for commercial real estate construction to adjust and make a sustainable contribution to overall economic growth. The upside is that the powerful technology cycle should support tech structures like data centers, while the residential construction boom could provide a tailwind for other structures with a lag.

Economic policy uncertainty is on the rise as the U.S. approaches the presidential election, but rather than stifling investment, there could be a pull-forward of business investment underway as companies, investors and economists digest the potential

for a change in the political environment. Higher corporate taxes would likely have a significant negative impact on earnings and after-tax margins. On the other hand, there is upside for CAPEX-related stocks if large-scale infrastructure spending is pushed through this year or next, and the election result in and of itself (regardless of who wins) should provide enough clarity for some businesses to pull the trigger on projects.

Overall, the CAPEX decline related to the coronavirus-induced recession was shallower than most expected, and the recovery has been quicker. New orders for core capital goods are running at a 35% annual rate over the last three months, the fastest pace since 2011, signaling continued strength ahead. Not surprisingly, BofA Global Research expects 50% real growth in business equipment spending in the third quarter, followed by positive gains through the end of 2021. From a strategy perspective, this is considered a positive backdrop for industrial capital goods stocks and technology. We remain overweight the technology sector, favoring industries and themes tightly linked to the U.S. CAPEX cycle like cloud computing, digitization, cybersecurity, artificial intelligence and the Internet of Things (IoT). Industrial capital goods stocks are also historically a "tried-and-true" way to get cyclical exposure in an economic recovery, and S&P 500 capital goods stocks have slightly outperformed the overall S&P 500 since the market bottomed in late March. Consider capital goods companies with domestic sales exposure until there is more clarity and consistency in the global data.

GLOBAL MARKET VIEW:

One Key to U.S. Competitiveness: Automation and Immigration (AI)

Lauren J. Sanfilippo, Vice President and Market Strategist
Joseph P. Quinlan, Managing Director and Head of CIO Market Strategy

Both Republicans and Democrats are in favor of "reshoring"—or the strategy of encouraging U.S. firms to bring overseas production and manufacturing back home, boosting, allegedly, U.S. job and income growth. The political bait to come home: tax incentives, low-cost loans and grants and the easing of regulations. Take these enticements and layer on rising U.S.-China tensions and global supply chain bedlam sparked by coronavirus, and it's no wonder corporate America is seriously reevaluating how and where it produces around the world.

That said, there are two key ingredients to reshoring: AI—automation and immigration. Why? Because coronavirus or no coronavirus, slower population growth and lower labor force participation rates remain powerful structural headwinds to the U.S. labor force. The long-term supply of U.S. labor is in decline, which augurs for more automation and immigration. According to the latest Job Openings and Labor Turnover Survey (JOLTS) figures, the number of job openings in the U.S. topped 6.6 million in July. As we write, some 408,000 manufacturing jobs remain unfilled in the U.S., while help wanted in construction was 334,000 in July and 1.145 million in healthcare services.

The good news: As the U.S. economy begins to heal from the pandemic of 2020, job growth will accelerate. The bad news: Down the road, the economy could hit a wall due to a lack of labor or a mismatch in labor skills and on account of restrictive immigrant policies.

How important are immigrants to the U.S. labor force? Look no further than Exhibit 2. Across industries and skill levels, the foreign-born workforce of America is critical. According to the Bureau of Labor Statistics of the total U.S. workforce, 18% of workers are foreign-born, or 27.5 million workers. This reliance on foreign labor spans various industries, from architecture and engineering (20% foreign-born) to farming (42%) and construction (30%). Sharing the pandemic's burden on our healthcare workers, according to National Foundation for American Policy more than 29% of our physicians are foreign-

born, 22% of pharmacists, 15% of registered nurses and 19% of surgeons. Whether it's responding to medical needs during the pandemic or maintaining buildings for the return of school or work, the U.S. relies heavily on immigrants to contribute to the quantity and quality of labor supply here in the U.S.

Exhibit 2: The Heavy Lifting of Immigrants.

Share of Foreign-Born Workers (%)

All Occupations	17.5%
Healthcare	
Home health aides	35.2%
Physicians	28.5%
Personal care aides	24.7%
Pharmacists	22.4%
Nursing assistants	20.9%
Surgeons	18.9%
Registered nurses	15.0%
Respiratory therapists	13.1%
Other	
Farming, fishing, and forestry	41.8%
Building and grounds cleaning/maintenance	36.9%
Construction and Extraction	30.0%
Computer and mathematics	26.8%
Transportation and material moving occupations	20.6%
Architecture and engineering	19.6%
Installation, maintenance and repair	14.7%

Employed foreign-born persons 16 years and over, 2019 annual averages.
Sources: Bureau of Labor Statistics, National Foundation for American Policy. Data as of May 15, 2020.

Immigrants not only fill jobs, they have the potential to create jobs. America's world-class entrepreneurial ecosystem has long been driven by some of the world's best and the brightest immigrant founders and chief executives like Google co-founder Sergey Brin or CEO Sundar Pichai, Microsoft CEO Satya Nadella, and Elon Musk, the founder of Tesla and SpaceX. A National Foundation for American Policy report found that 55% of the country's $1 billion startup companies had at least one immigrant founder.[1] Immigrants have been heavily represented in the ranks of U.S. unicorn key leadership roles.

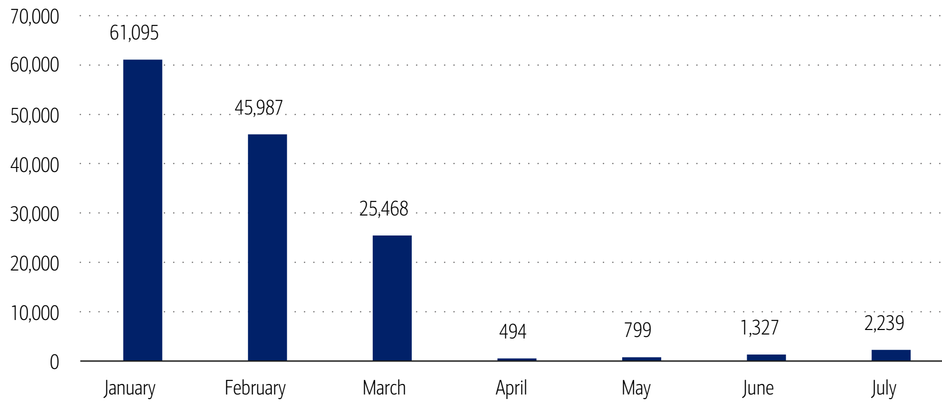
Immigrants matter but as Exhibit 3 outlines, coming to America isn't easy—not with new U.S. policies set out in late June slowing the entry of many foreigners on H-1B visas through the end of this year. For the months April through July, record low numbers of visas were issued, falling from 61,000 in January to under 500 in April as the pandemic shut down consulates. Denial rates through the second quarter of 2020 neared 30% compared to a 21% denial rate for all of 2019.[2] With two-thirds of requests for H-1B visas in tech and computer-related occupations, effectively, by bringing tech-focused, skilled workers here, we prevent tech investment from going elsewhere.[3] And that benefits not only native-born workers but U.S. competitiveness as well.

[1] National Foundation for American Policy, October 24, 2018.

[2] Denial Rate for H-1B Petitions for New Employment according to the National Foundation for American Policy, August 2020.

[3] U.S. Department of Homeland Security, U.S. Citizenship and Immigration Services, Characteristics of H-1B Specialty Occupation Workers, March 5, 2020.

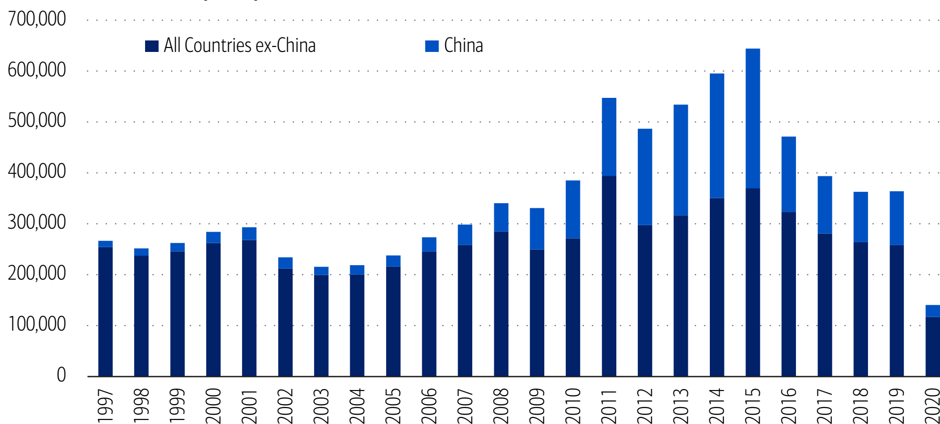
Exhibit 3: H- 1B Visas Issued.



Note: Includes specialty job skills (H- 1B, H- 4, L visas), extraordinary ability visas (O visas), trade professionals or investors (E, TN, TD visas).
Sources: U.S. State Department; Migration Policy Institute; Axios. Data as of July 2020.

Not helping matters is the narrowing pipeline of foreign-students to the U.S. According to The Institute of International Education, globally the number of international students studying outside their home country has doubled since 2001, while the U.S.'s share in hosting that student population has has declined from 20% in 2001 to 21% in 2019. Since 2016, our colleges and universities have seen declines in the number of new foreign students, reflected in F-1 student visa data from the State Department showing a decline of 61% this year (Exhibit 4). Health concerns can be attributed to much of this decline, keeping some students virtual for this fall and spring semester. An amount that cannot be ignored, spending on education-related expenses by these students will be foregone, amounting to about 11% of this country's overall services-trade surplus, and even more consequential is the effect on college budgets (to the tune of $25 billion in lost revenue according to the American Council on Education) and also revenues lost to local college towns and cities.[4]

Exhibit 4: A Decline in International Students.



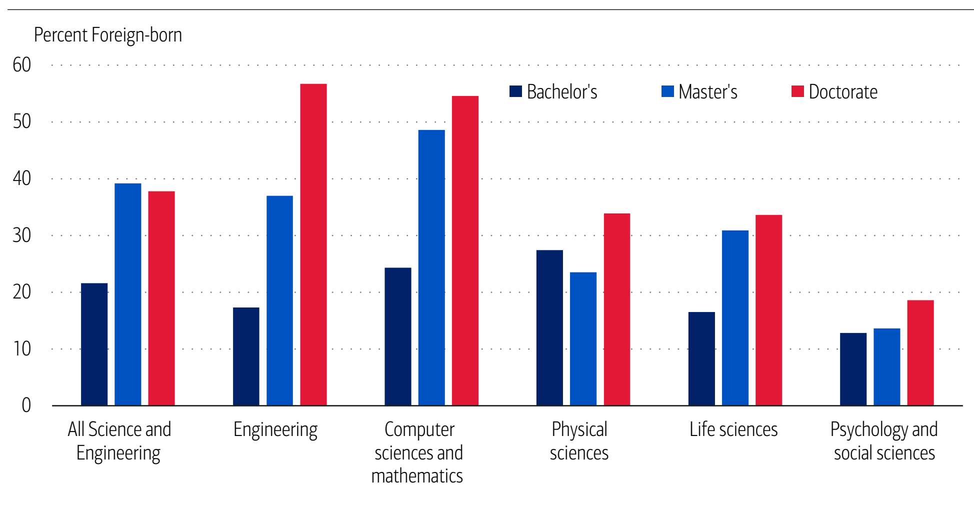
Sources: FactSet U.S. State Department. Data as of September fiscal year - end. Assuming August/September numbers will be the same as 2019 for 2020 estimate.

And when it comes to higher education specific to the science and engineering fields, in many occupations the higher the degree level, the greater the proportion of the workforce who are foreign-born (Exhibit 5). In both engineering and computer sciences, more than half of doctorate holders are foreign-born, a disproportionate share

[4] U.S. Bureau of Economic Analysis, July 10, 2020.

considering only 17% of the college graduate population in the U.S. is foreign-born.

Exhibit 5: Science and Engineering Degrees.



Source: National Center for Science and Engineering Statistics. Data as of January 2020.

Investment Implications: Reshoring entails more automation and immigration

Add up all of the above and what it could mean for investors and portfolios is this: The labor market recovery and the influx of students and immigrants matter to long-term growth prospects. Automation and immigration is critical to the U.S.'s lead in innovation, technology-related fields, world-class standard of living and future wealth creation. "Reshoring" efforts will flounder without both ingredients.

Immigration policies are set by the government, leaving companies and investors fingers-crossed that the pipeline of global talent (skilled and unskilled) will not run dry in the U.S. As the baby boomer generation ages into retirement, their dependency on younger, active workers will only increase, with a rising share of the next generation of labor foreign-born. According to Pew Research, almost 30% of Generation Z are immigrants or the children of immigrants, compared to 23% of millennials at the same age. By 2030 the Census Bureau estimates immigration will account for more than half of the nation's population growth. A critical point for investors to remember: Anti-immigration has become a hot-button all over the world, notably since the pandemic of 2020. One pillar of America's competitiveness rests squarely on its ability to attract global global talent.

Meanwhile, as an offset to a declining labor force and political uncertainties around immigration policies, U.S. firms will continue to automate. Improving robotic capabilities, declining costs and the expansion of automation into many different industries accelerated by the pandemic should lead to more demand for industrial and service robotics in the coming years. We believe the U.S. is on the cusp of an automation renaissance. The worldwide supply of industrial robots is estimated to grow by almost 2 million units of new industrial robots from 2020 to 2022, growing 12% on average per year.5 Albeit from a low base, sales of professional service robots have soared over the past few years, rising 124% in 2017, 61% in 2018 and by an estimated 33% last year, according to estimates from the International Federation of Robotics (for more on service robots, see our piece August 10 Capital Market Outlook: Long Flippy, Sally, Neo and Others Like Them). In short, we are in the early innings of the robotics revolution, notably in services.

In the end, "reshoring" could prove to be a supportive catalyst for future growth in U.S. output and earnings. However, it will be driven in part by automation and immigration. The former is a given—we are long-term bulls on robotics and related activities. The latter—

[5] International Federation of Robotics, World Robotics 2019 Industrial Robots, September 2019.

immigration—is a wildcard—but an extremely important wildcard for the future of American competitiveness.

THOUGHT OF THE WEEK:

Hybrid Learning Impact On Back-To-School Retail Sales

CIO Equity Strategy Team—Consumer Discretionary/Staples

Even before the pandemic affected the back-to-school retail season, the emphasis on this seasonal demand period has been diminished and smoothed over several months by the shift to online shopping, the elimination of individual states' tax-free holidays, and consumers buying closer to need. In previous years, consumers have been pushing much of the back-to-school seasonal demand into September as they awaited sales and promotional discounts that became more prevalent.

The "learn from anywhere" shift that is being enabled by the hybrid education model has had a significant effect on consumer buying behaviors. Consumers began establishing home learning centers that pulled forward demand for consumer electronics like laptops, tablets, printers, monitors, desks and chairs. With nearly two-thirds of the estimated 76 million enrolled students in the U.S. learning in a hybrid model,6 demand for things like backpacks, school uniforms, supplies and casual school apparel remain lower than in previous years, with the exception of solitary leisure trends providing a demand tailwind for athletic footwear, bikes, sporting goods and apparel.

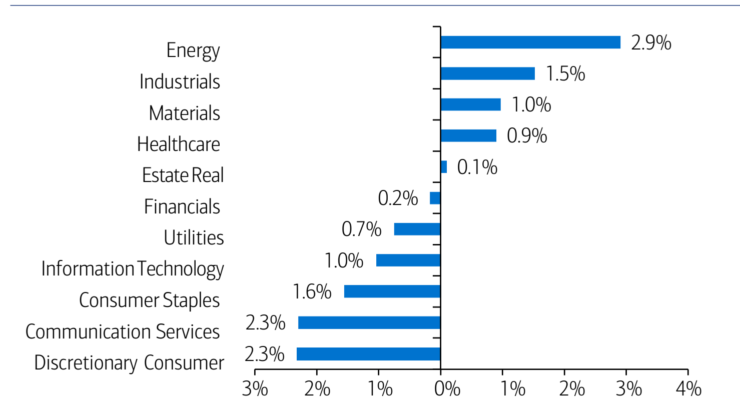
The National Retail Federation is predicting back-to-school-related seasonal spending of approximately $100 billion, which is expected to be heavily skewed toward consumer electronics and household supplies while being partially offset by declines in some basic school supplies and fashion apparel. In the National Retail Federation survey results, 60% of the respondents indicated they would be purchasing additional consumer electronics products for the school term, while 17% indicated they would be purchasing less clothing and apparel products. Furthermore, a majority of the survey respondents indicated that the termination of the fiscal stimulus and extended unemployment benefits would not have a material impact on their spending intentions.

The hybrid education model is likely to continue to drive ongoing demand for home grocery consumption, broader meal-at-home adoption and personal care product auto-replenishment. While the overall composition of back-to-school spending will look different from that in previous years, the new normal learning environment is expected to have only a small material impact on education-related spending.

Equities

	Current	WTD	MTD	YTD
	Total Return in USD (%)			
DJIA	27,657.42	0.0	-2.6	-1.4
NASDAQ	10,793.28	-0.5	-8.3	21.1
S&P 500	3,319.47	-0.6	-5.1	4.2
S&P 400 Mid Cap	1,865.86	0.6	-3.1	-8.4
Russell 2000	1,536.78	2.7	-1.5	-7.0
MSCI World	2,367.99	0.0	-3.5	1.6
MSCI EAFE	1,911.81	0.8	0.2	-4.5
MSCI Emerging Markets	1,108.53	1.6	0.7	1.2

S&P 500 Sector Returns



Fixed Income[1]

	Current	WTD	MTD	YTD
	Total Return in USD (%)			
Corporate & Government	1.11	-0.1	0.2	8.3
Agencies	0.50	0.0	0.1	5.3
Municipals	1.31	0.1	0.1	3.4
U.S. Investment Grade Credit	1.18	-0.1	0.1	6.9
International	1.94	0.1	0.4	7.3
High Yield	5.52	0.1	-0.2	1.4

	Current	Prior Week End	Prior Month End	2019 Year End
90 Day Yield	0.08	0.11	0.09	1.54
2 Year Yield	0.14	0.13	0.13	1.57
10 Year Yield	0.69	0.67	0.70	1.92
30 Year Yield	1.45	1.41	1.47	2.39

Commodities & Currencies

Commodities	Current	WTD	MTD	YTD
	Total Return in USD (%)			
Bloomberg Commodity	155.73	2.0	-0.5	-9.5
WTI Crude $/Barrel[2]	41.11	10.1	-3.5	-32.7
Gold Spot $/Ounce[2]	1,950.86	0.5	-0.9	28.6

Currencies	Current	Prior Week End	Prior Month End	2019 Year End
EUR/USD	1.18	1.18	1.19	1.12
USD/JPY	104.57	106.16	105.91	108.61
USD/CNH	6.78	6.83	6.85	6.96

Sources: Bloomberg, Factset. Total Returns from the period of 09/14/2020 to 09/18/2020. Bloomberg Barclays Indices.[1] Spot price returns.[2] All data as of the 09/18/2020 close.
Past performance is no guarantee of future results.

Asset Class Weightings (as of 9/1/2020)

	Under-weight		Neutral		Over-weight
Global Equities	•	•	•	● (green)	•
U.S. Large Cap Growth	•	•	•	● (green)	•
U.S. Large Cap Value	•	•	•	● (green)	•
U.S. Small Cap Growth	•	•	•	● (green)	•
U.S. Small Cap Value	•	•	● (yellow)	•	•
International Developed	•	•	● (yellow)	•	•
Emerging Markets	● (red)	•	•	•	•
Global Fixed Income	•	● (orange)	•	•	•
U.S. Governments	•	● (orange)	•	•	•
U.S. Mortgages	•	● (orange)	•	•	•
U.S. Corporates	•	•	•	● (green)	•
High Yield	•	● (orange)	•	•	•
U.S. Investment Grade Tax Exempt	•	•	● (yellow)	•	•
U.S. High Yield Tax Exempt	•	● (orange)	•	•	•
International Fixed Income	● (red)	•	•	•	•
Alternative Investments*	see CIO Asset Class Views				
Hedge Funds					
Private Equity					
Real Assets					
Cash					

* Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to pre-qualified clients.

CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio.

Economic and Market Forecasts (as of 09/18/2020)

	Q3 2019A	Q4 2019A	2019A	Q1 2020A	Q2 2020A	2020E
Real global GDP (% y/y annualized)	-	-	2.9	-	-	-4.0
Real U.S. GDP (% q/q annualized)	2.6	2.4	2.2	-5.0	-31.7	-4.3
CPI inflation (% y/y)	1.7	2.3	2.3	1.5	0.6	1.2
Core CPI inflation (% y/y)	2.4	2.3	2.3	2.1	1.2	1.8
Unemployment rate (%)	3.6	3.5	3.5	3.8	13.0	8.5
Fed funds rate, end period (%)	1.90	1.55	1.55	0.08	0.08	0.13
10-year Treasury, end period (%)	1.66	1.92	1.92	0.67	0.68	1.00
S&P 500 end period	2977	3231	3231	2585	3100	3250
S&P earnings ($/share)	42	42	163	33	28	125
Euro/U.S. dollar, end period	1.09	1.12	1.12	1.10	1.12	1.14
U.S. dollar/Japanese yen, end period	108	109	109	108	108	103
Oil ($/barrel, avg. of period, WTI**)	56	57	57	39	31	40

The forecasts in the table above are the base line view from BofAML Global Research team. The Global Wealth & Investment Management (GWIM) Investment Strategy Committee (ISC) may make adjustments to this view over the course of the year and can express upside/downside to these forecasts. Historical data is sourced from Bloomberg, FactSet, and Haver Analytics.

Past performance is no guarantee of future results. There can be no assurance that the forecasts will be achieved. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.

A = Actual. E/* = Estimate. S&P 500 represents the year-end target for 2020. **West Texas Intermediate.
Sources: BofA Merrill Lynch Global Research; GWIM ISC as of September 18, 2020.

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Index Definitions

Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index.

Indexes are all based in dollars.

S&P 500 is a stock market index that tracks the stocks of 500 large-cap U.S. companies. It represents the stock market's performance by reporting the risks and returns of the biggest companies.

(NAHB) Home Builders Confidence Index is based on a monthly survey of NAHB members designed to take the pulse of the single-family housing market. The survey asks respondents to rate market conditions for the sale of homes at the present time and in the next six months as well as the traffic of prospective buyers of new homes.

Future Capital Expenditures; Diffusion Index for Federal Reserve forecasts the change in capital expenditures over the next six months for reporting manufacturing firms.

Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

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