



This week we provide a condensed version of the Weekly Letter; regular publication will resume on January 10, 2017.

## Markets in Review

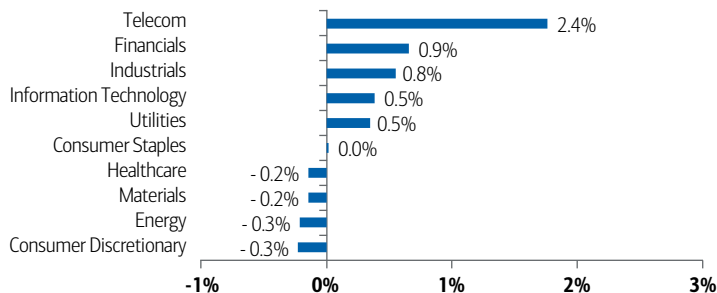
Last week, equities were broadly positive, with the S&P 500 Index gaining 0.3% and international equities, as represented by the MSCI EAFE Index, adding 0.4%. Bond prices also moved up, with the 10-year Treasury yield at 2.54%, down from 2.59% on Friday of the prior week. Commodities overall, as measured by the Bloomberg Commodity Index, lost 1.0%. WTI crude rose 2.2% to \$53.00 per barrel. Gold fell by 0.1%, to \$1,134.00 per ounce.

### Trailing Economic Releases

- The U.S. Bureau of Economic Analysis released figures for the November Core Personal Consumption Expenditure price index that were weaker than expected. BofA Merrill Lynch Global Research expected month-over-month growth of 0.1%, yet there was no change, indicating a reduction in inflationary pressure from October, when there was a 0.1% increase.
- The U.S. Census Bureau reported a 4.6% decline for Durable Goods orders in November but a 0.9% increase in Core Durable Goods orders, which exclude defense and aircraft. The results came in above expectations; BofAML Global Research projected a 5.0% decline and a 0.2% increase, respectively.
- In the Eurozone, the United Kingdom reported 3Q Gross Domestic Product quarter-over-quarter growth of 0.6%, little changed from the second quarter's 0.5%. BofAML Global Research had expected 3Q growth of 0.5%.

### S&P 500 Sector Returns (as of last Thursday's market close)

■ S&P 500 Sector Total Returns (week-to-date)



### Equities

	Level	Total Return in USD (%)		
		WTD	MTD	YTD
DJIA	19,933.8	0.5	4.3	17.5
Nasdaq	5,462.7	0.5	2.7	10.5
S&P 500	2,263.8	0.3	3.1	13.2
S&P 400 Mid Cap	1,673.6	0.4	2.9	21.6
Russell 2000	1,371.5	0.6	3.8	22.5
MSCI World	1,759.2	0.3	2.8	8.0
MSCI EAFE	1,674.6	0.4	2.8	0.4
MSCI Emerging Mkts	841.6	-1.7	-2.4	8.3

### Fixed Income

	Yield (%)	Total Return in USD (%)		
		WTD	MTD	YTD
ML U.S. Broad Market	2.64	0.4	-0.5	2.0
ML 10-Year US Treasury	2.54	0.5	-1.1	0.1
ML U.S. Muni Master	2.62	0.5	0.8	0.1
ML U.S. IG Corp Master	3.46	0.6	0.0	5.3
ML US HY Corp Master	6.21	0.4	1.7	17.1

### Commodities & Currencies

	Level	Total Return in USD (%)		
		WTD	MTD	YTD
Bloomberg Commodity	174.5	-1.0	0.4	10.2
WTI Crude \$/Barrel <sup>1</sup>	53.0	2.2	7.2	43.1
Gold Spot \$/Ounce <sup>1</sup>	1,134.0	-0.1	-3.3	6.8

Level	Current	Prior Week End	Prior Month End	2015 Year End
EUR/USD	1.05	1.05	1.06	1.09
USD/JPY	117.33	117.93	114.46	120.22

Source: Bloomberg.<sup>1</sup> Spot price returns. All data as of last Thursday's close. Past performance is no guarantee of future results.

## Looking Ahead

In the U.S., expansionary manufacturing indicators are expected along with data indicating a tighter labor market and a further improvement in consumer sentiment. Favorable expectations regarding fiscal and other economic policies is expected to propel sentiment higher. Meanwhile, the European Central Bank will provide an update on growth in the money supply.

### Upcoming Economic Releases

- On Tuesday, the Conference Board releases its Consumer Confidence measure for December. BofAML Global Research projects it to come in at 108.0, which would represent further improvement on a strong November reading of 107.1.
- On Friday, ISM-Chicago will report its Chicago Purchasing Managers data for December. BofAML Global Research expects a reading of 56.0, indicating a decline from the November level of 57.6.
- In the Eurozone, on Thursday the European Central Bank will report November's annualized growth in the M3 money supply, providing insight on the outlook for economic activity. BofAML Global Research projects growth of 4.5%, exceeding October's 4.4%.

### BofA Merrill Lynch Global Research Key Year-End Forecasts

<b>S&amp;P 500 Outlook</b>	<b>2016 E</b>
Target	2,100
EPS	\$118.50
<b>Real Gross Domestic Product</b>	<b>2016 E</b>
Global	3.0%
U.S.	1.6%
Euro Area	1.6%
Emerging Markets	4.1%
<b>U.S. Interest Rates</b>	<b>2016 E</b>
Fed Funds (eop)	0.62%
10-Year T-Note (eop)	2.35%
<b>Commodities</b>	<b>2016 E</b>
Gold (\$/oz-period average)	\$1,260
WTI Crude Oil (\$/bbl-eop)	\$54.00

All data as of last Thursday's close.

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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