

# The Weekly Letter

April 25, 2017

Chief Investment Office

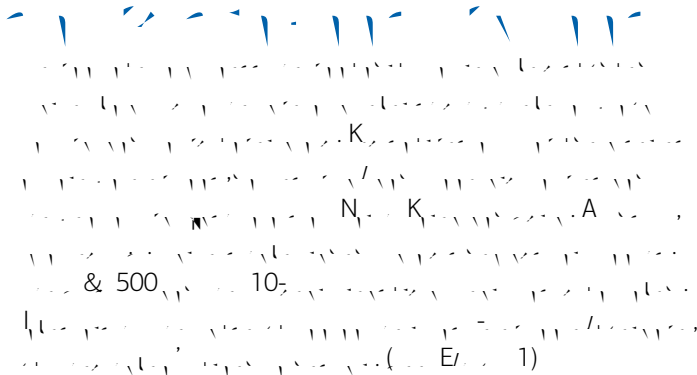
Karin Kimbrough

Head of Global  
 Markets  
 & Chief Investment Officer

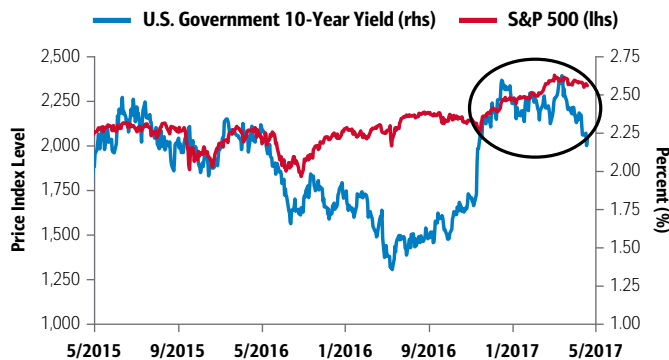
➔ Policy Prognostications: N

➔ Markets in Review: L

➔ Looking Ahead: I



**Exhibit 1: The S&P 500 and 10-year Treasury have traded sideways recently**



Source: Chief Investment Office, Bloomberg, April 20, 2017

## Brexit, yes but softer headwinds

The UK's decision to leave the EU has caused a sharp decline in the British pound, which has led to a surge in the value of the US dollar. This has led to a decline in the value of the British pound, which has led to a surge in the value of the US dollar. This has led to a decline in the value of the British pound, which has led to a surge in the value of the US dollar. This has led to a decline in the value of the British pound, which has led to a surge in the value of the US dollar.

## Frexit? Not likely even with Le Pen

The possibility of a 'Frexit' from the Eurozone has been a topic of discussion since the election of Marine Le Pen in France. However, it is unlikely that France will leave the Eurozone, as the economic and political costs would be too high. The Eurozone is a key part of the European Union, and France's exit would have a significant impact on the region's economy and stability.

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**Exhibit 2: Distribution of countries by their corporate tax rates (2016)**

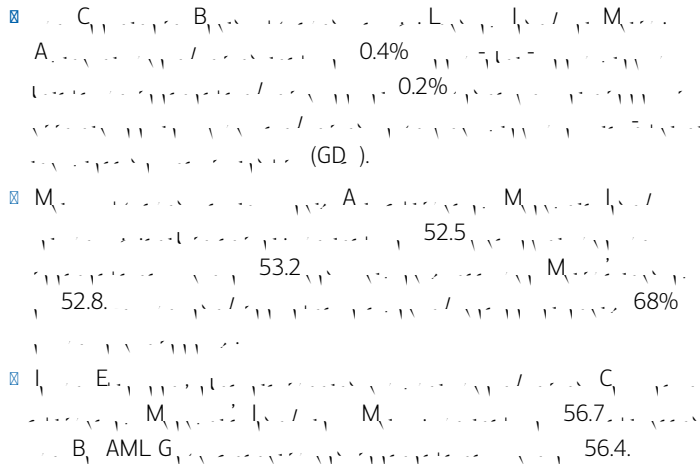


**Fed-exit, yes, but tax policy is the focus**

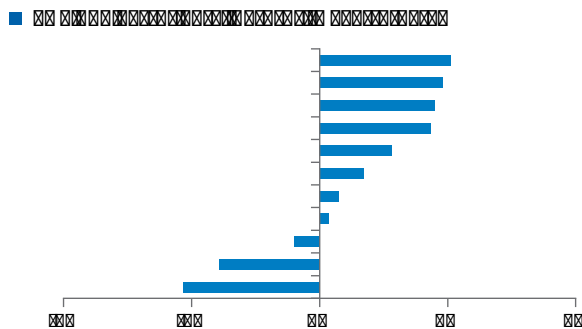
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# Markets in Review

## Trailing Economic Releases



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



## Equities

	Level	Total Return in USD (%)		
		WTD	MTD	YTD
DJIA	20,547.8	0.5	-0.5	4.7
NASDAQ	5,910.5	1.8	0.0	10.1
S&P 500	2,348.7	0.9	-0.5	5.5
S&P 400 Mid Cap	1,717.7	2.2	-0.1	3.9
Russell 2000	1,379.9	2.6	-0.4	2.1
MSCI World	1,842.1	0.6	-0.5	5.8
MSCI EAFE	1,780.8	0.2	-0.5	6.7
MSCI Emerging Mkts	961.8	0.2	0.5	11.9

## Fixed Income

	Yield (%)	Total Return in USD (%)		
		WTD	MTD	YTD
ML US Broad Market	2.44	0.0	0.9	1.8
ML 10-Year US Treasury	2.25	0.0	1.4	2.3
ML US Muni Master	2.32	0.2	1.0	2.4
ML US IG Corp Master	3.22	0.0	1.1	2.5
ML US HY Corp Master	5.79	0.2	0.5	3.2

## Commodities & Currencies

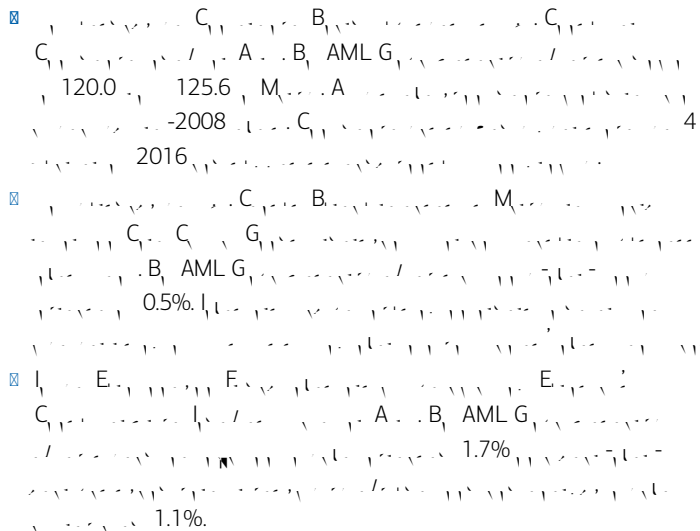
	Level	Total Return in USD (%)		
		WTD	MTD	YTD
Bloomberg Commodity	170.0	-2.8	-1.6	-3.9
WTI Crude \$/Barrél	49.6	-6.7	-1.9	-7.6
Gold Spot \$/Ouncè	1,284.1	-0.1	2.8	11.4

Level	Current	Prior	Prior	2016
		Week End	Month End	Year End
EUR/USD	1.07	1.06	1.07	1.05
USD/JPY	109.09	108.64	111.39	116.96

Source: Bloomberg Spot price returns. All data as of last Friday's close. Past performance is no guarantee of future results.

# Looking Ahead

## Upcoming Economic Releases



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

<b>S&amp;P 500 Outlook</b>	2017 E
Target	2,450
EPS	\$129.00
<b>Real Gross Domestic Product</b>	2017 E
Global	3.5%
U.S.	2.1%
Euro Area	1.5%
Emerging Markets	4.6%
<b>U.S. Interest Rates</b>	2017 E
Fed Funds (eop)	1.38%
10-Year T-Note (eop)	2.85%
<b>Commodities</b>	2017 E
Gold (\$/oz-period average)	\$1,286
WTI Crude Oil (\$/bbl-eop)	\$59.00

All data as of last Friday's close.

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Asset allocation, diversification, dollar cost averaging and rebalancing do not ensure a profit or protect against loss in declining markets. Dollar cost averaging involves continual investment in securities regardless of fluctuating price levels; you should consider your willingness to continue purchasing during periods of high or low price levels.

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