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CHIEF INVESTMENT OFFICE

Capital Market Outlook

August 19, 2024

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

IN THIS ISSUE

Macro Strategy—*Bigger Deficits Mean A Higher Neutral Rate:* This economic cycle starting with the pandemic has been shaped by aggressive fiscal stimulus to the greatest extent since World War II. According to Congressional Budget Office estimates, budget deficits are expected to remain well above historical norms for the indefinite future. This structural shift to increased government demand raises the neutral rate of interest other things being equal.

Recent estimates of the effect of this new more aggressive use of fiscal policy on the neutral rate suggest it's closer to 5% than the roughly 3% that consensus and Federal Reserve (Fed) economists believe to be the case. This suggests that Fed policy is already close to neutral which helps explain why risk assets and profits have been rising this year instead of falling as they normally do when monetary policy is restrictive.

Market View—*The August Market Meltdown in Perspective:* Volatility made an unmistakable return to the U.S. stock market this month. August kicked off with a three-day selloff in U.S. Equities, building off market turbulence that started mid-July. It was never a matter of if but when the stock market would see volatility pick up again though, since U.S. Equities had been in an extended period of calm.

Even with a recent cooldown in selling pressure, the shadow of the early-August meltdown looms over the equity market. Of course, not all selloffs are the same, but history may offer some perspective on navigating periods of elevated market volatility. For one thing, August tends to be a historically weak seasonal period for the S&P 500, but a strong first half is typically a positive signal for a strong second half. Volatility also tends to be clustered. The S&P 500 registered both the largest daily decline and gain since 2022 at the start of this month. We consider more historical U.S. equity market observations below.

Thought of the Week—*Early Signs of a Thawing Housing Market?:* Recent expectations for interest rate cuts have sent mortgage rates to their lowest level in 15 months. Coincident with falling rates has been an increase in mortgage applications and also refinancing, fueling hopes of a housing market thaw and a rebound for a sector that accounts for roughly 16% of gross domestic product (GDP).

It's not yet that the flywheel has started. That's obvious following the spring buying season that showed few signs of percolating activity. Sales of existing homes fell, as the median existing-home sales price reached an all-time high and the twelfth consecutive month of year-over-year (YoY) price gains. For these reasons, a still sluggish narrative is attached to the housing market. Housing and housing-related industries are all part of the rate trade, meaning a more meaningful improvement in demand hinges on lower interest rates, which in our view begins with a 25 basis point (bps) cut in September and another equisized cut in December.

Chief Investment Office
Macro Strategy Team

Kirsten Cabacungan
Vice President and Investment Strategist

Lauren J. Sanfilippo
Director and Senior Investment Strategist

Data as of 8/19/2024, and subject to change

Portfolio Considerations

We maintain an overweight to Equities, with a preference for higher quality U.S. Large- and Small-caps, and still favor a significant allocation to bonds in a diversified portfolio.

We reaffirm our guidance within Fixed Income of slightly long duration and a preference for quality across the segments and curve.

Through these periods of episodic volatility, asset class diversification is working again when it is needed most.

MACRO STRATEGY

Bigger Deficits Mean A Higher Neutral Rate

Chief Investment Office, Macro Strategy Team

Toward the end of August, every year the Federal Reserve Bank of Kansas City hosts an Economic Policy Symposium in Jackson Hole, Wyoming. Central bankers and prominent academics from around the world come together to discuss and debate the current pressing issues for policymakers. This year, from August 22 to 24, the featured topic is "Reassessing the Effectiveness and Transmission of Monetary Policy." This is not surprising since the main riddle for forecasters the past two years has been the resilience of the economy in the face of ostensibly tight monetary policy.

Last year the conference focused on "Structural Shifts in the Global Economy." The topics last year and this year reflect the major shifts in the global economy after two big shocks earlier in this decade: the global pandemic and the Russian invasion of Ukraine. It wasn't these events that caused the big changes in the global economic structure. It was the policy responses to the events. For example, different countries had different policy responses to the pandemic and therefore different results. China did not shower its population with handouts to weather shutdowns, while the U.S. and Europe among others did. As a result, inflation has become a problem in the U.S., averaging over 4% the past few years, while it has remained low in China because China did not resort to massive money printing to finance much bigger fiscal expenditures.

Similarly, various countries responded differently to the Russian invasion of Ukraine. The U.S., Europe and their closest allies put sanctions on trade with Russia and impounded its foreign exchange reserves in Western financial institutions. This has massively effected trade and financial flows. Europe stopped buying its energy from Russia. China and India have made up the difference by not observing these sanctions. Demand for dollar reserves in the foreign exchange markets has been impacted. Countries in emerging markets (EM) like China are diversifying their reserves away from dollars—now seen as vulnerable to confiscation and EM central banks are boosting their gold reserves as an alternative.

Last year's Jackson Hole conference focused on the implications of these two big sources of structural shocks, looking at the changed patterns in trade flows and networks as well as the shift in financial flows. In addition, there was a lot of attention to the implications of a new world economy with much higher fiscal deficits in Western democracies. As one of the main papers concluded: "The genie is out of the bottle…for better or worse, high public debts are here to stay."

This year's focus on "reassessing the effectiveness and transmission of monetary policy" is directly related to this new world of more activist and stimulative fiscal policy, which creates the much bigger deficits of recent years. Monetary policy is increasingly tied at the hip to fiscal policy. As a recent insightful paper by Miran and Roubini notes, "frequent use of QE since the Global Financial Crisis has shone a light on the eroding barrier between monetary and fiscal policy and opened the door for tools like ATI."[1] ATI is an acronym for Activist Treasury Issuance. One reason the economy avoided recession and monetary policy seemed less effective in 2022 and 2023 despite aggressive Fed rate hikes was the offsetting stimulus from big fiscal expenditures and the manipulation of Treasury finances to keep reserves flush in the banking system rather than draining them as Fed quantitative tightening and rate hikes would normally have done in the absence of this activist Treasury intervention.

This new proactive use of fiscal policy has implications for the so-called neutral rate of interest. Many have claimed that the Fed is too restrictive, since the federal funds rate at 5.25% is way above most estimates for the neutral rate which are generally around 2.5% to 3%. The recent market sell-off caused hysterical cries for Fed rate relief based on this big gap between current rates and the much lower estimates for neutral rates.

This analysis, however, flies in the face of actual market behavior. Since the Fed pivoted late last year measures of financial conditions have gone from roughly neutral to much easier. This was confirmed by the widespread global boom in equity prices and seven straight months of increases in economic momentum measures like the BofA Global Wave indicator.

Investment Implications

A higher inflation environment over the long term suggests investors should take advantage of the cyclical drop in inflation to increase exposure to assets that will ultimately benefit from higher inflation.

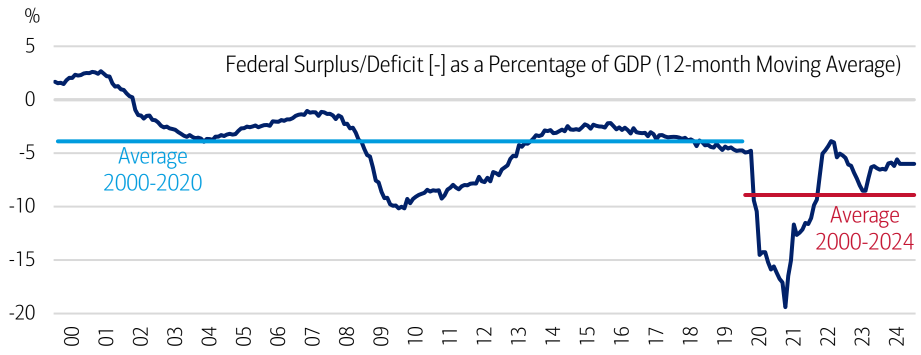
[1] ATI: Activist Treasury Issuance and the Tug-of-War Over Monetary Policy, Hudson Bay Capital. July 2024, Stephen Miran and Nouriel Roubini.

The contradiction between the idea that policy is restrictive, which is based on the big gap between the current funds rate and a possibly flawed estimate of the neutral rate, and the robust performance of risk asset and earnings trends is direct evidence against the notion that monetary policy is restrictive. The source of this contradiction is the assumption of such a low neutral rate.

It makes no sense to look at the neutral rate in a vacuum without any context of what's going on in the economy, especially fiscal policy given this new structural shift to bigger permanent deficits and ATI manipulation in the money markets.

The Marin and Roubini paper incorporates these fiscal policy effects into the traditional analysis of the "neutral rate" and finds: "the joint stance of monetary and fiscal policy is roughly neutral: the Fed isn't providing meaningful economic restriction, contributing to inflation persistence." If policy is already neutral as this suggests, then it's not surprising that financial conditions show little sign of the restrictiveness that in a vacuum estimates of the neutral rate that don't take account of fiscal conditions would otherwise suggest.

Exhibit 1: Structural Shift to Bigger Deficits Since 2020.



Sources: U.S. Treasury/Bureau of Economic Analysis/Haver Analytics. Data as of August 2, 2024.

In short, monetary policy has raised rates to higher levels that merely offset the big jump in fiscal stimulus to keep the economy from overheating and inflation from running even hotter than it already is. This structural shift to more expansive fiscal policy requires a higher neutral rate to keep the U.S. economy in a less inflationary balance.

Aside from the upward pressure ATI and fiscal spending put on interest rates other factors have added to the diminished effectiveness of rate hikes to slow the economy in this business cycle. Zero-rate policies and aggressive quantitative easing pushed mortgage rates and bond borrowing costs to all-time lows in the first three years of this decade. Many homeowners and businesses took advantage of these low rates to lock in long-term financing well below inflation rates. The Fed's rate hikes starting in 2022 boosted their interest income, while their liability interest expense didn't budge because of this low-rate long-term financing. As a result, we saw the net interest income of big corporations with access to bond markets increase as the Fed raised rates, reducing the effectiveness of monetary tightening to slow the economy. Likewise, consumers with low fixed rate mortgages enjoyed the higher income from Fed rate hikes in their money market funds.

Of course, some parts of the economy have been slowed by higher rates. Low-income renters with auto and credit card debt that moves more quickly with rate hikes are disproportionately affected by this new higher-rate, higher-inflation world, especially since they don't have the appreciating wealth cushion that protects higher-income consumers. Similarly, smaller businesses without access to bond markets have much higher proportions of floating rate debt that has hurt their earnings as rates rise. These are the pockets of the economy where slowing has been more pronounced as rates rose, especially after the big fiscal handouts that went to low-income consumers and after small businesses dried up.

To judge the effectiveness of monetary policy, one must take account of the fiscal backdrop. The gradual erosion of monetary policy independence as fiscal policy becomes more activist means political pressure for higher inflation could play out much as it did in the 1970s if the Fed keeps interest rates below the new higher neutral rate of interest.

MARKET VIEW

The August Market Meltdown in Perspective

Kirsten Cabacungan, Vice President and Investment Strategist

Volatility made an unmistakable return to the U.S. stock market in August. The Volatility Index (VIX), spiked after spending most of the year below its long-term average. The gauge logged its widest daily range ever on August 5 after jumping to an intraday high of 65.7, its third highest level after the 2008/2009 Global Financial Crisis and the pandemic (Exhibit 2A). The market panic was accompanied by a sharp three-day selloff in U.S. Equities. The S&P 500 shed more than 6.1% over that period and fell 3.0% in a day, its worst down day since September 2022.[2]

It was never a matter of if but when the stock market would see volatility pick up again. Market turbulence had been building since mid-July, but before that the S&P 500 had not seen a daily decline of more than 2% in roughly 17 months, its longest stretch since 2017 (Exhibit 2B). Choppiness seemed forthcoming given waning confidence over the cooling economy, growing disappointment over extended artificial intelligence (AI) payoff horizons, heightened geopolitical tensions and a tighter presidential election race than prior months. These factors, combined with the rapid unwinding of the Japanese yen carry trade[3] after the Bank of Japan hiked rates, set off the sharp market dislocation.

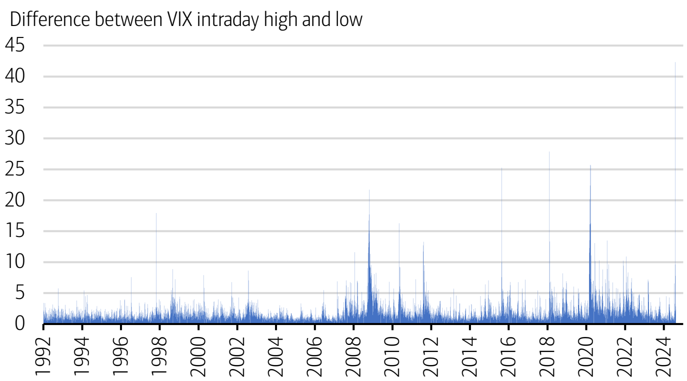
Even with a recent cooldown in selling pressure, the shadow of the early-August meltdown looms over the equity market. A bottoming process can take time, especially at this point in an election year, which usually sees elevated volatility from the summer through November.[4] Of course, not all selloffs are the same, but history may offer some perspective on navigating periods of elevated market volatility. Consider these five historical market observations[5] of the S&P 500 since 1950 below:

Investment Implications

August reinforced important principles of long-term investing: maintain a disciplined investment process to limit emotion-driven reactions, stay invested instead of timing the market, and focus on diversification in portfolios across and within asset classes.

Exhibit 2: Volatility Makes A Comeback.

A) A record intraday range for the VIX in August



B) U.S. Equities were relatively calm for over a year

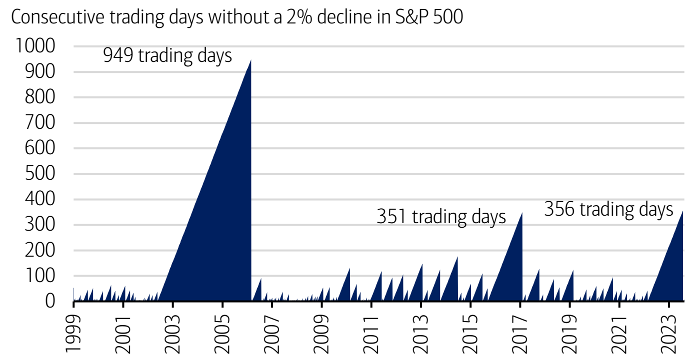


Exhibit 2A) Source: Bloomberg. Data as of August 14, 2024. Exhibit 2B) Source: Bloomberg. Data as of August 14, 2024. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

One: August tends to be a historically weak seasonal period for U.S. Equities. In years when the S&P 500 was up more than 10% in the first half, August was historically the weakest and only negative month in the second half, returning a median decline of 0.6% for the month and positive only 39.1% of all episodes. That said, a strong first half has been a positive signal for the second half (Exhibit 3A). The S&P 500 gained 14.5% in the first half of this year.

Two: Large down days are a common part of the market cycle. August kicked off with three consecutive days of large daily declines, where the index fell 1% or more for the day. The S&P 500 has historically seen a median of 25 large down days per year.

Three: Double-digit equity advances have typically followed sharp down days. While sharp down days, daily declines of 3% or worse, in the S&P 500 are less common, they tend to be followed by large equity advances in subsequent years. In instances of sharp down days, the S&P 500 was higher one year later 83.6% of the time with a median gain of 19.8% (Exhibit 3B).

[2] Bloomberg. Data from July 31, 2024 to August 5, 2024.

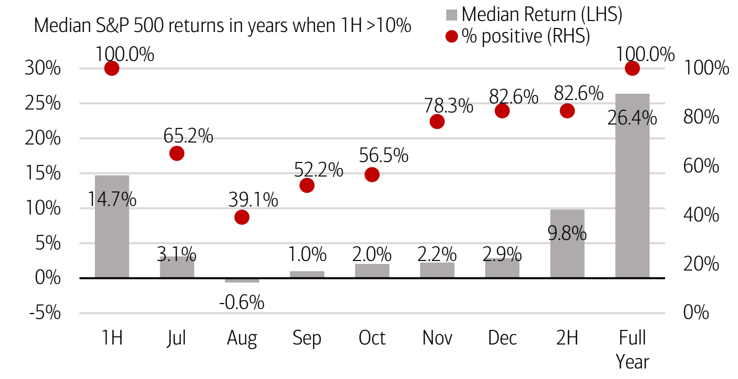
[3] When investors borrow in a currency with low rates and invest in currencies with higher rate of return.

[4] BofA Global Research. March 2024.

[5] Bloomberg. Data for the five historical market observations refer to the S&P 500 since 1950 to August 14, 2024.

Exhibit 3: A Look at U.S. Equity Returns Amid Volatility.

A) August tends to be weaker for U.S. Equities



B) U.S. Equities tend to rebound following sharp down days

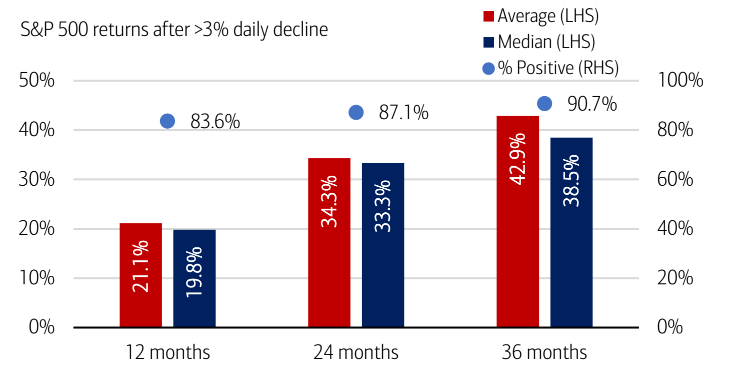


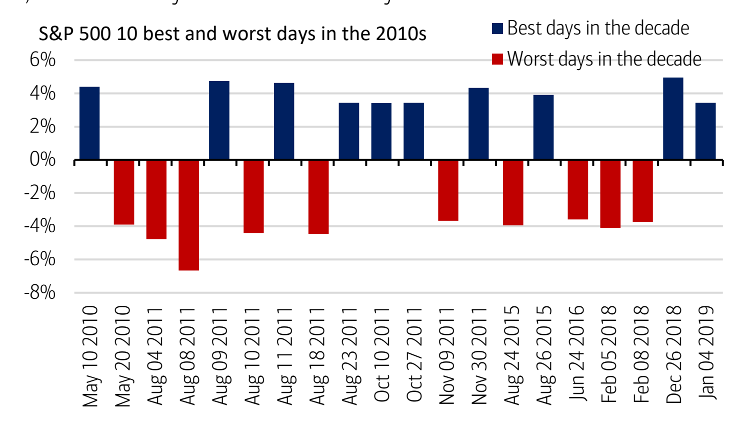
Exhibit 3A) Source: Bloomberg. Data from 1950 to August 14, 2024. Exhibit 3B) Source: Bloomberg. Data from 1950 to August 14, 2024. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

Four: Large asset price fluctuations tend to be clustered. The S&P 500 not only registered its largest daily decline at the start of August since 2022, but the index posted its largest daily gain since then as well just three sessions later. The best days in the market often follow the worst (Exhibit 4). Missing the 10 best days of returns in the S&P 500 in the 2010s would have meant realizing dampened returns of only 95% versus 190% by just staying invested for the full decade. When excluding the 10 worst days in that decade, the S&P 500 returned 351%. Indeed, missing the worst days in the market has historically had a positive effect on returns, but that would require investors correctly time both when to get out and get back in on a consistent basis. Panic selling and trying to time the market could be costly in our view.

Five: Drawdowns happen even in positive years. The early-August selloff pushed the index toward correction territory, or a decline of 10% off a recent high. The S&P 500 was down 8.5% from mid-July through the sharp decline on August 5. But drawdowns are a typical feature of the equity market. The median intra-year maximum drawdown per year for the S&P 500 is 10.5%. Even in years when the S&P 500 was positive, the median intra-year maximum drawdown was 9.2%.

Exhibit 4: Up and Down Swings in Stocks Tend to Happen Close Together.

A) The best days follow the worst days



B) Timing the market may undercut performance

Decade	Price return	Excluding Best 10 days per Decade	Excluding Worst 10 days per Decade	Excluding Best/Worst 10 days per decade
1930	-42%	-79%	39%	-50%
1940	35%	-14%	136%	51%
1950	257%	167%	425%	293%
1960	54%	14%	107%	54%
1970	17%	-20%	59%	8%
1980	227%	108%	572%	328%
1990	316%	186%	526%	330%
2000	-24%	-62%	57%	-21%
2010	190%	95%	351%	203%
2020	65%	-8%	217%	76%
Since 1930	24,826%	76%	5,352,135%	37,631%

Exhibit 4A) Source: Bloomberg. Data as of August 14, 2024. Exhibit 4B) Source: BofA Global Research. Data as of August 2, 2024. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

History reminds us that volatility is quite normal and may even present attractive return opportunities for long-term investors. Overall, we remain constructive on U.S. Equities rooted in our fundamental view that the economy is normalizing, corporate profits remain healthy, monetary policy easing appears imminent, and advancements in generative AI should support a technological shift in companies and the economy over the longer term. We would be buyers of U.S. Equities on weakness.

THOUGHT OF THE WEEK

Early Signs of a Thawing Housing Market?

Lauren J. Sanfilippo, Director and Senior Investment Strategist

Recent expectations for interest rate cuts have sent mortgage rates to their lowest level in 15 months. That's a welcomed relief, as the average rate on a 30-year fixed mortgage at 6.47% is more than 1% below the cyclical peak reached last October of 7.79%.[6] Coincident with falling rates has been an increase in mortgage applications, fueling hopes of a housing market thaw and a rebound in a sector of the economy that accounts for 16% of GDP.

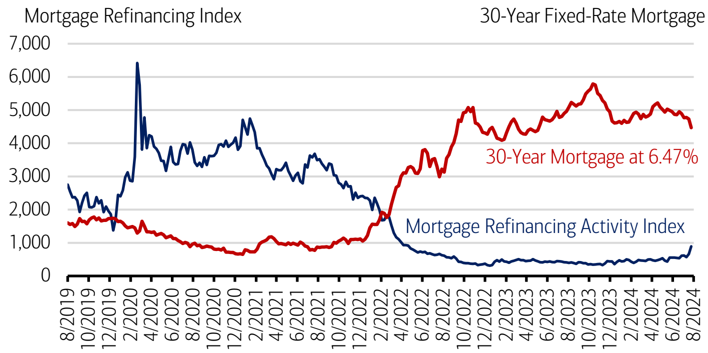
Even with the relatively paltry 26 bps drop in the 30-year mortgage rate, mortgage applications over the first two weeks of August saw their first sequential increase in nearly a month. From the first week in August to the second, applications increased nearly 17% to the highest level since January 2023, driven by refinance applications that surged 35% (Exhibit 5A). As mortgage applications and refinances have trended down/flatlined for the last year and a half, that's a small but encouraging near-term boost for a frozen housing market. Still, as of July 2024 two-thirds of mortgage holders were locked into rates under 4% according to Federal Housing Finance Agency (Exhibit 5B). As Home Depot's Chief Executive Officer Ted Decker in last week's earnings report rationalized, *"For one or two years, you might stay in those golden handcuffs and enjoy the low rate, but family size increases, household formation, moves for employment, retirement, et cetera. So, we would see a gradual unlocking of that, even if that adds to a little bit of the delay response to housing from a traditional rate cut environment."*[7]

Portfolio Considerations

Since the housing market is a segment of the economy with a real multiplier effect, also deferred or still waiting to thaw is demand for adjacent industries—everything from building materials to home furnishings—with lower rates the key support to improving housing market conditions and related segments.

Exhibit 5: Households Locked in Generationally-Low Mortgage Rates, Distorting Current Housing Activity.

A) A Refinance Pop on Just 26 bps of Mortgage Rate Relief



B) Home is Where the Low Mortgage Rates Are.

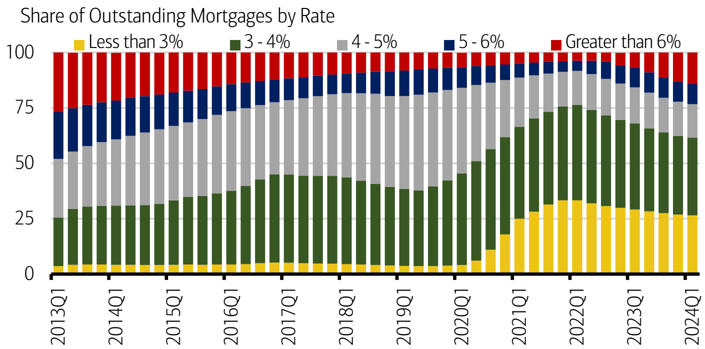


Exhibit 5A) Sources: Mortgage Bankers Association, Freddie Mac, Bloomberg. Data as of August 8, 2024. Exhibit 5B) Sources: Federal Housing Finance Agency, National Mortgage Database. Data as of July 2024.

And so, not yet has the flywheel started. That's obvious following the Spring buying season that showed few signs of percolating activity. Sales of existing-homes fell by 5.4% in June while the median existing-home sales price reached an all-time high ($426,900) and the twelfth consecutive month of YoY price gains.[8] Transactions slowed, as sellers received fewer offers, and listed homes sat on the market for longer. For these reasons, a still-sluggish narrative is attached to the housing market.

Housing and housing-related industries are all part of the rate trade, meaning a more meaningful improvement in demand hinges on lower interest rates. Our view shared with BofA Securities anticipates a gradual pace in rate cuts of 25 bps in September and another equisized cut in December.

For confirmation, once more from Ted Decker on the coming thaw: *"Based on what we saw towards the end of last year, we would think you're approaching a level that people are going to engage. But as rates head down towards 6%, we would expect to see activity."*[7] In all, these are very early signs of a potential housing thaw as the Fed gears up to unwind one of the most aggressive tightening cycles in history. Deferred and dependent on lower rates is the unfreezing of housing, a key sector of the economy.

[6] Source: Freddie Mac. Data for week August 9, 2024.
[7] Edward Decker, Chair, President & Chief Executive Officer, the Home Depot, Inc. Earnings transcript as of August 13, 2024.
[8] Source: National Association of Realtors, data as of June 23, 2024.

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Equities

	Total Return in USD (%)			
	Current	WTD	MTD	YTD
DJIA	40,659.76	3.0	-0.3	9.2
NASDAQ	17,631.72	5.3	0.2	18.0
S&P 500	5,554.25	4.0	0.7	17.5
S&P 400 Mid Cap	3,011.38	2.6	-2.7	9.3
Russell 2000	2,141.92	3.0	-4.9	6.6
MSCI World	3,584.19	4.0	0.4	14.2
MSCI EAFE	2,374.84	4.1	-0.1	8.3
MSCI Emerging Markets	1,093.65	2.9	1.0	8.8

Fixed Income†

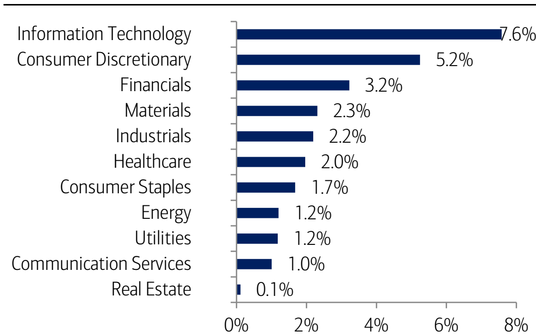
	Total Return in USD (%)			
	Current	WTD	MTD	YTD
Corporate & Government	4.36	0.56	1.27	2.84
Agencies	4.40	0.18	0.72	3.06
Municipals	3.47	0.18	0.69	1.20
U.S. Investment Grade Credit	4.46	0.53	1.28	2.91
International	4.97	0.98	1.42	3.33
High Yield	7.47	0.77	0.71	5.32
90 Day Yield	5.21	5.21	5.28	5.33
2 Year Yield	4.05	4.05	4.26	4.25
10 Year Yield	3.88	3.94	4.03	3.88
30 Year Yield	4.14	4.22	4.30	4.03

Commodities & Currencies

	Total Return in USD (%)			
Commodities	Current	WTD	MTD	YTD
Bloomberg Commodity	227.24	0.3	-0.5	0.4
WTI Crude $/Barrel††	76.65	-0.2	-1.6	7.0
Gold Spot $/Ounce††	2508.01	3.2	2.5	21.6

		Total Return in USD (%)		
Currencies	Current	Prior Week End	Prior Month End	2022 Year End
EUR/USD	1.10	1.09	1.08	1.10
USD/JPY	147.63	146.61	149.98	141.04
USD/CNH	7.16	7.17	7.23	7.13

S&P Sector Returns



Sources: Bloomberg; Factset. Total Returns from the period of 8/12/2024 to 8/16/2024. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 8/16/2024 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 8/16/2024)

	2024E	Q1 2024A	Q2 2024A	Q3 2024E	Q4 2024E	2025E
Real global GDP (% y/y annualized)	3.2	-	-	-	-	**3.3**
Real U.S. GDP (% q/q annualized)	2.7	1.4	2.8	2.5	2.0	**2.2**
CPI inflation (% y/y)	3.1	3.2	3.2	3.0	2.9	**2.3**
Core CPI inflation (% y/y)	3.4	3.8	3.4	3.3	3.2	**2.7**
Unemployment rate (%)	4.0	3.8	4.0	4.1	4.1	**4.1**
Fed funds rate, end period (%)	4.88	5.33	5.33	5.13	4.88	**3.88**

The forecasts in the table above are the base line view from BofA Global Research. 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. **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.

Sources: BofA Global Research; GWIM ISC as of August 16, 2024.

Asset Class Weightings (as of 8/6/2024)

	CIO View				
Asset Class	Underweight		Neutral	Overweight	
Global Equities				●	
U.S. Large Cap Growth			●		
U.S. Large Cap Value				●	
U.S. Small Cap Growth				●	
U.S. Small Cap Value				●	
International Developed		●			
Emerging Markets			●		
Global Fixed Income		●			
U.S. Governments				●	
U.S. Mortgages				●	
U.S. Corporates		●			
International Fixed Income			●		
High Yield		●			
U.S. Investment-grade Tax Exempt		●			
U.S. High Yield Tax Exempt		●			
Alternative Investments*					
Hedge Funds Private Equity Real Assets			●		
Cash					

CIO Equity Sector Views

	CIO View				
Sector	Underweight		Neutral	Overweight	
Energy				●	
Healthcare				●	
Consumer Discretionary				●	
Industrials				●	
Information Technology			●		
Communication Services			●		
Financials			●		
Real Estate			●		
Utilities		●			
Materials		●			
Consumer Staples	●				

*Many products that pursue Alternative Investment strategies, specifically Private Equity and Hedge Funds, are available only to qualified investors. CIO asset class views are relative to the CIO Strategic Asset Allocation (SAA) of a multi-asset portfolio. Source: Chief Investment Office as of August 6, 2024. All sector and asset allocation recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

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 U.S. dollars.

S&P 500 Index is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

BofA Global Wave Indicator a model that tracks seven proprietary indicators to quantify global economic trends and forecast stock market performance. Compiled by BofA Global Research.

Volatility Index (VIX) is the ticker symbol and the popular name for the Chicago Board Options Exchange's CBOE Volatility Index, a popular measure of the stock market's expectation of volatility based on S&P 500 index options.

Mortgage Refinancing Activity Index is a weekly measurement that tracks all mortgage applications to refinance an existing mortgage. It's considered the best overall gauge of mortgage refinancing activity and can help predict mortgage activity and loan prepayments. The index includes conventional and government refinances, regardless of product or coupon rate.

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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