

Weekly Insights

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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

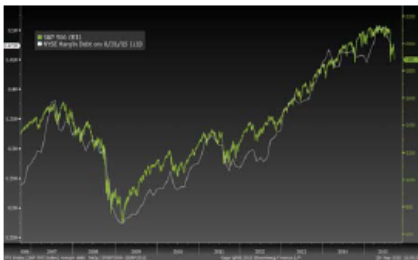
- US Q2 GDP growth revised up to 3.9% on stronger consumer spending & construction.
- US inflation, as indicated by YoY core PCE, remains weak at 1.3%, but has modestly improved over the summer months.
- France hangs on the brink of recession with 0.0% Q2 GDP growth.
- An 8.8% YoY decline in industrial 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

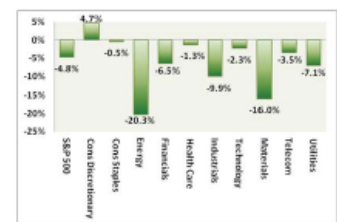
Bond Yields	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
Fed Funds Target	0.25	0.25	0.25	0.25
2 Year Treasury	0.69	0.68	0.67	0.55
10 Year Treasury	2.16	2.13	2.17	2.50
Investment Grade	3.97	3.91	3.70	3.62
Muni Yield	2.51	2.52	2.32	2.75
High Yield	7.65	7.30	6.80	6.13

Consumer Rates	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
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

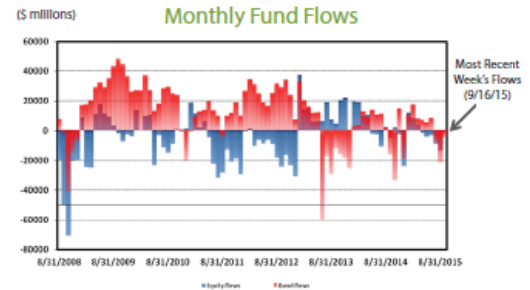
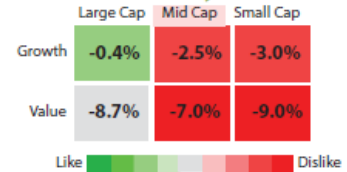
Commodities	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
Gold	1146.4	1139.0	1184.9	1221.5
Silver	15.1	15.2	15.7	17.5
WTI Crude Oil	45.7	44.7	53.3	92.5
Natural Gas	2.6	2.6	2.9	4.0

Currency	Friday Close 9/25/15	Prior Week 9/18/15	Year End 12/31/14	Year Ago 9/25/14
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

S&P 500 YTD Sector Returns



YTD Market Style Returns



Market question of the week:
 What percent of millennials believe that social security will provide them with meaningful income during retirement? (source: Insured Retirement Institute and the Center for Generational Kinetics.)
 a) 35% b) 50% c) 65%

Trivia question of the week:
 Last night, a lunar eclipse coincided with a 'supermoon'. When will this phenomenon occur next?
 a) 2018 b) 2025 c) 2033

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.

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Benchmark indices are provided in this material for comparison with well-known and widely recognized indices from various market capitalizations, asset classes, markets around the world, and economic data. You cannot invest directly in an index. Index results assume the re-investment of all dividends and capital gains.

The S&P 500 is a market-capitalization weighted index that includes the 500 most widely held companies chosen with respect to market size, liquidity, and industry. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The National Association of Securities Dealers Automated Quotation (NASDAQ) System is a nationwide computerized quotation system for over 5,500 over-the-counter stocks. The index is compiled of more than 4,800 stocks that are traded via this system. The FTSE 100 Index is an index of the 100 largest companies (by market capitalization) in the United Kingdom. A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The Hang Seng Index is maintained by a subsidiary of Hang Seng Bank, and has been published since 1969. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization. The Hang Seng members are also classified into one of four sub-indices based on the main lines of business including commerce and industry, finance, utilities and properties.

The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index contains those Russell 1000 companies that have higher book-to-price ratios, and thus a less-than-average growth orientation, than the remaining companies in the Russell 1000 Index that encompass the Russell 1000 Growth Index. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index. The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth rates. The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Index is an unmanaged index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. The Russell 3000 Index is a market capitalization weighted index that measures the performance of the 3,000 largest U.S. companies representing approximately 98% of the investable U.S. equity market.

The Morgan Stanley Capital International (MSCI) World Index is a market capitalization weighted index composed of companies representative of the market structure of 23 Developed Market countries in North America, Europe and the Asia/Pacific Region. The MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI China Index covers the large and mid cap segments in the China and is constructed according to the MSCI Global Investable Market Indices Methodology. The MSCI China Index is part of the MSCI Emerging Markets Index. The MSCI Brazil Index is designed to measure the performance of the large and mid cap segments of the Brazilian market with 81 constituents. The MSCI Brazil Index covers about 84% of the Brazilian equity universe. The volatility of these indices may be materially different from that of the representative account.