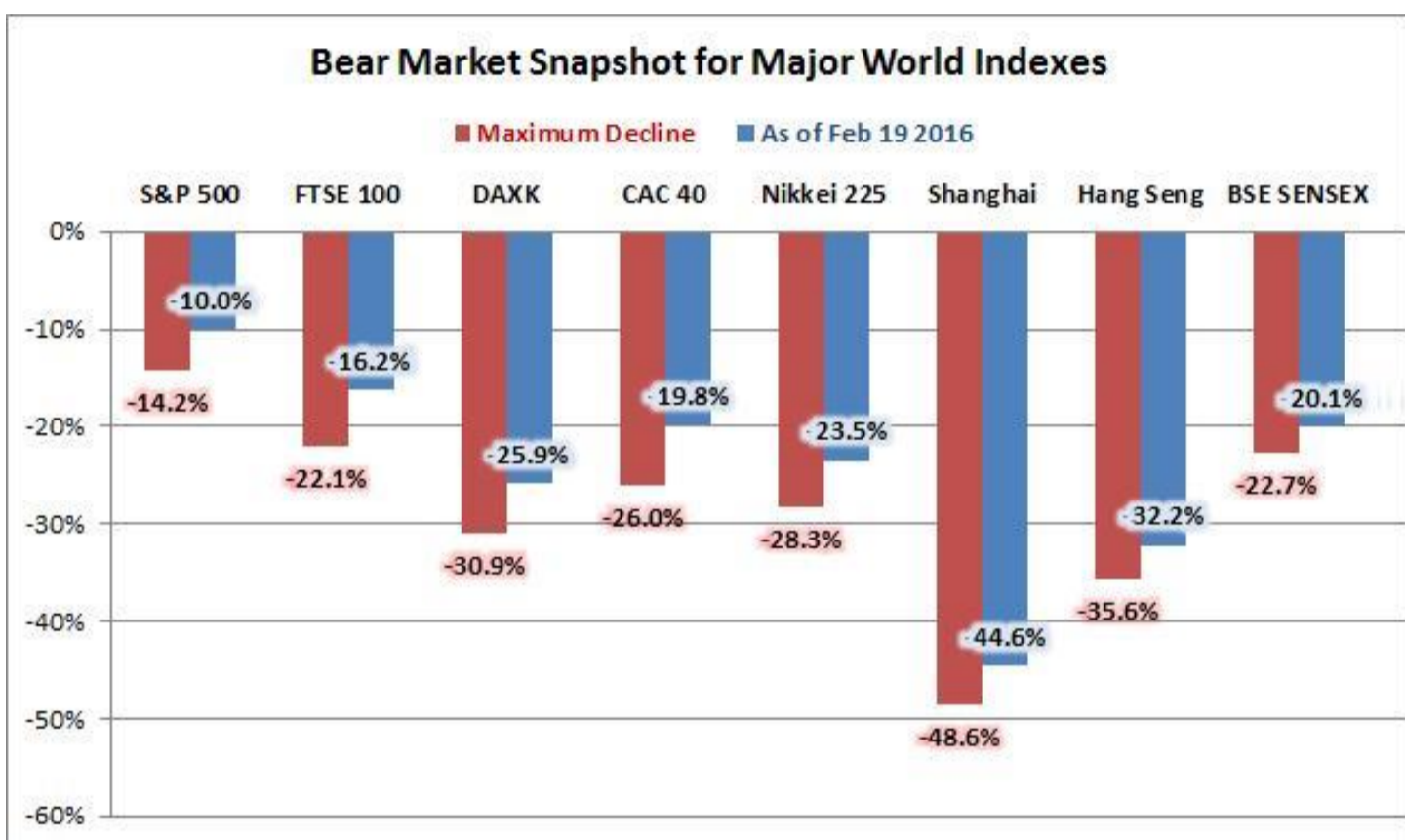
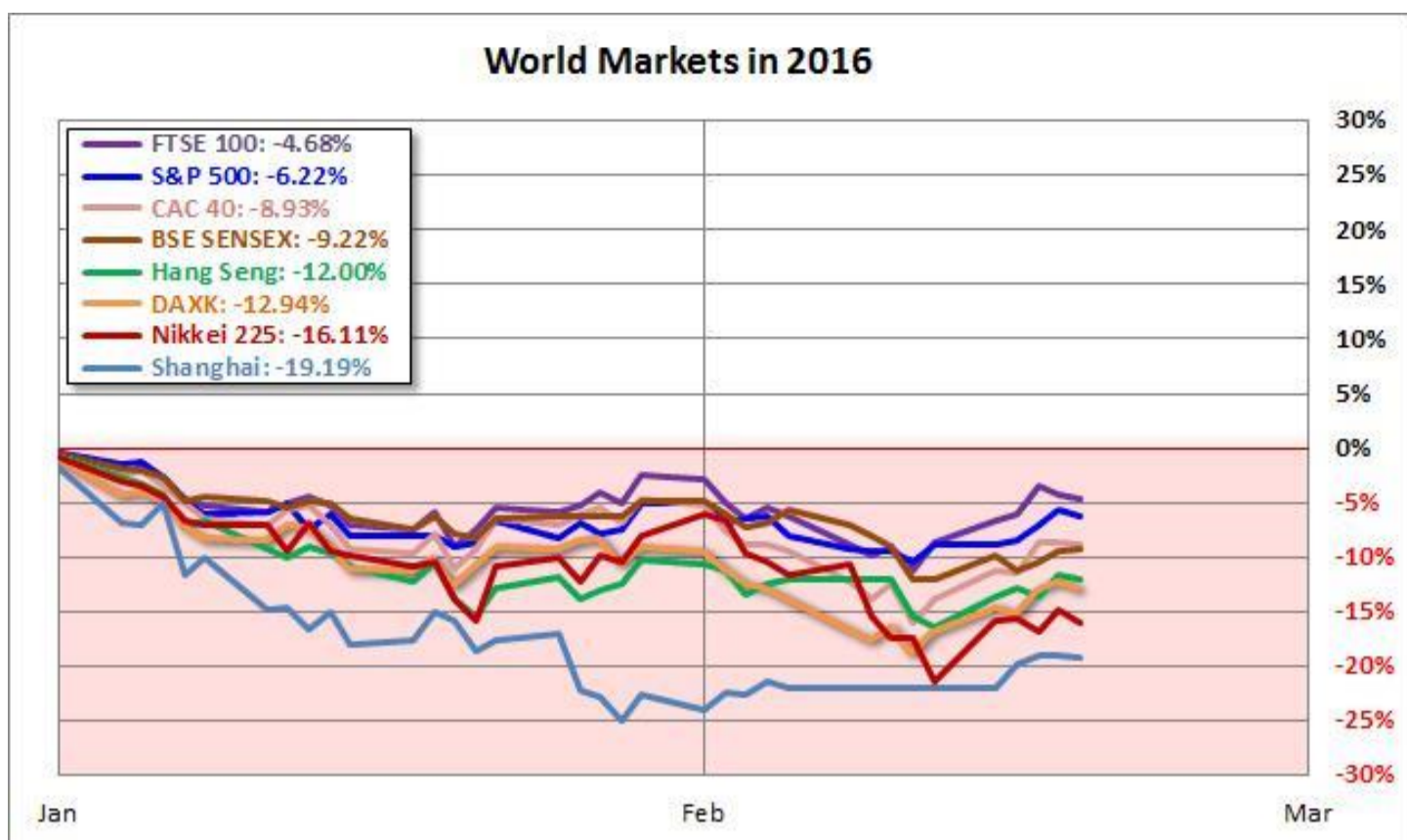


CHART OF THE MONTH

FEBRUARY 2016



Owing primarily to slowing global growth, the major stock markets around the world have all fallen through the first seven weeks of the year. As shown in the graph at the top of the page, the declines have ranged from -4.68% (FTSE 100) to -19.19% (Shanghai). The S&P 500 (-6.22%) has been the second-best performing index.

While difficult to gauge from the graph, the S&P 500 formed a “double bottom” on February 11 when it held what previously appeared to be a *capitulation* low on January 20. The index has advanced more than 6% over the past two weeks and is now down less than 10% from its all-time high in May 2015. Meanwhile, as detailed in the second graph, the other seven major world indexes are still off about 16% to 45% from their highs. All but the S&P 500 have suffered maximum peak-to-trough declines of greater than 20%.

Although it may feel as if the U.S. has just been the “best house in a bad neighborhood” of late, it is important to maintain a longer-term perspective as well. The graph below illustrates the comparative performance of the world markets since March 9, 2009 when the S&P 500, CAC 40, and BSE SENSEX hit their lows. (The FTSE 100 bottomed on March 3, the DAXK on March 6, and the Nikkei 225 on March 10, while the Shanghai and Hang Seng indexes reached their nadir on November 4, 2008 and October 27, 2008, respectively.)

Over the past seven years, the U.S. (+183.3%), as measured by the S&P 500, has been in a virtual dead heat with India (+190.5%) as the No. 1 performing market, trouncing Japan, Germany, Hong Kong, U.K., France, and China. Importantly, the U.S. market has held up the best during the downturn while beating all but India since the bear-market lows in late 2008 and early 2009.

- S&P 500: U.S.
- FTSE 100: London Stock Exchange/U.K.
- DAXK: Frankfurt Stock Exchange/Germany
- CAC 40: Euronext Paris/France
- Nikkei 225: Tokyo/Japan
- Shanghai: Shanghai Stock Exchange/China
- Hang Seng: Hong Kong Stock Exchange/Hong Kong
- BSE SENSEX: Bombay Stock Exchange/India

