S&P Global
Market Intelligence

Lookout Report

The Fed Serves Notice From Jackson Hole: We Are Keeping Our Options Open

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The news flow from the Federal Reserve's annual Jackson Hole, Wyoming conference began on the morning of Aug. 26 when Fed Chair Janet Yellen made these statements:

- Justification for raising interest rates has strengthened in recent months.
- A Fed rate hike requires data that confirms FOMC optimism on the economy.
- The U.S. economy is nearing the Fed's employment and inflation goals.
- The Fed's ability to predict the path of rate hikes is limited.
- Monetary policy is "not on a pre-set course."
- FOMC sees gradual rate hikes as being appropriate over time.

Later that morning, Fed Vice-Chair Stanley Fischer followed up with additional insights:

- Yellen's comments were consistent with the possibility of a Fed rate hike as early as September.
- The August U.S. employment report will weigh on the Fed's policy decision.
- Recent data suggests the economy has strengthened.
- The economic picture is complex.

Vice-Chair Fischer further commented Tuesday morning, Aug. 30, that:

- The world economy is becoming increasingly interconnected.
- Decisions made by foreign central banks (i.e., negative interest rates in Europe and Japan) also affect the U.S.
- The U.S. is close to full employment even as the dollar has strengthened.
- Upcoming data will determine the trajectory of interest rate increases.

While recent commentary by an assortment of Federal Reserve officials provides worthwhile insights into current thinking within the Federal Open Market Committee (FOMC), it still boils down to the same message the Fed has been giving for a couple of years now: The path of monetary policy remains data-dependent. Collectively, the Fed would clearly like to resume normalizing U.S. monetary policy, but the question remains if the economy actually warrants a tightening of U.S. monetary policy.

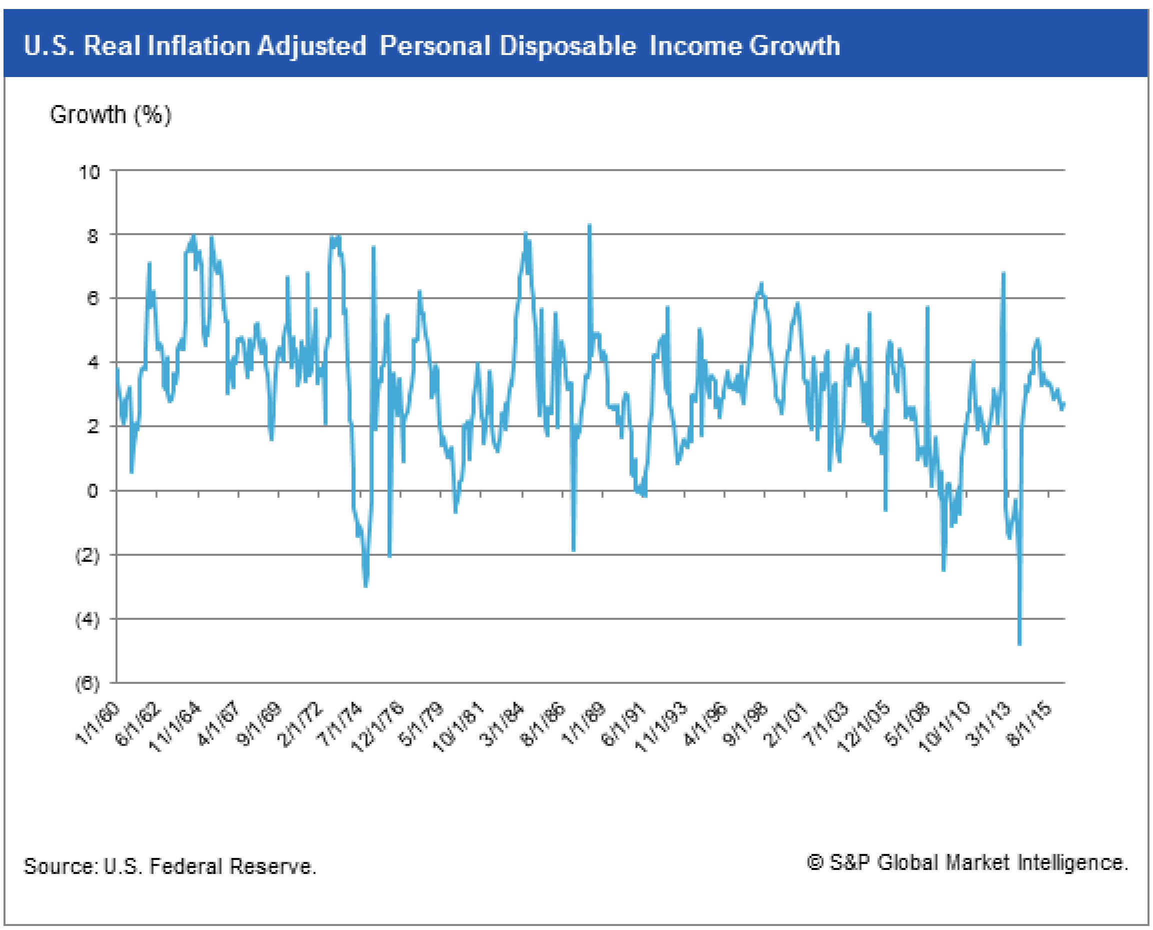
September 1, 2016

It might seem remarkable that at this point in the seven-year post-crisis economic recovery that the Fed seems to anticipate an acceleration of GDP growth. For the following reasons, however, Fed expectations may not be so far-fetched:

- The global manufacturing soft patch of the past two years may be dissipating.
- Prior U.S. economic headwinds from the strengthening U.S. dollar have largely abated.
- Global non-manufacturing purchasing managers' indices (PMIs) remain at pro-growth levels (see "Lookout Report: The U.S. And Global Economies Remain Supportive Of Earnings Growth," published Aug. 19, 2016).
- U.S. wage growth is improving.
- U.S. consumer confidence has rebounded and is close to cycle highs.

U.S. GDP growth has also averaged just 0.9% over the past three quarters, a disappointing performance even compared with the historically mediocre 2.1% pace recorded during the entire expansion cycle since 2009. This means expectations for an improving economy are set fairly low. Going forward, the market research team at S&P Global Market Intelligence believes that the U.S. economy needs to sustain a healthy rate of real, inflation-adjusted, disposable personal income growth. Due to historically suppressed wage growth and increased taxation during this GDP expansion, disposable income has been slipping steadily lower since the start of 2015. Real disposable income growth stood at 4.7% at year-end 2014 but has subsequently declined to as low as 2.6% in May and June of this year before rising slightly to 2.75% in July (see chart 1). If Fed optimism regarding the future proves prescient, justifying the need to further normalize monetary policy, then disposable income growth at minimum needs to stabilize at current levels and should continue improving, in our view.

Chart 1

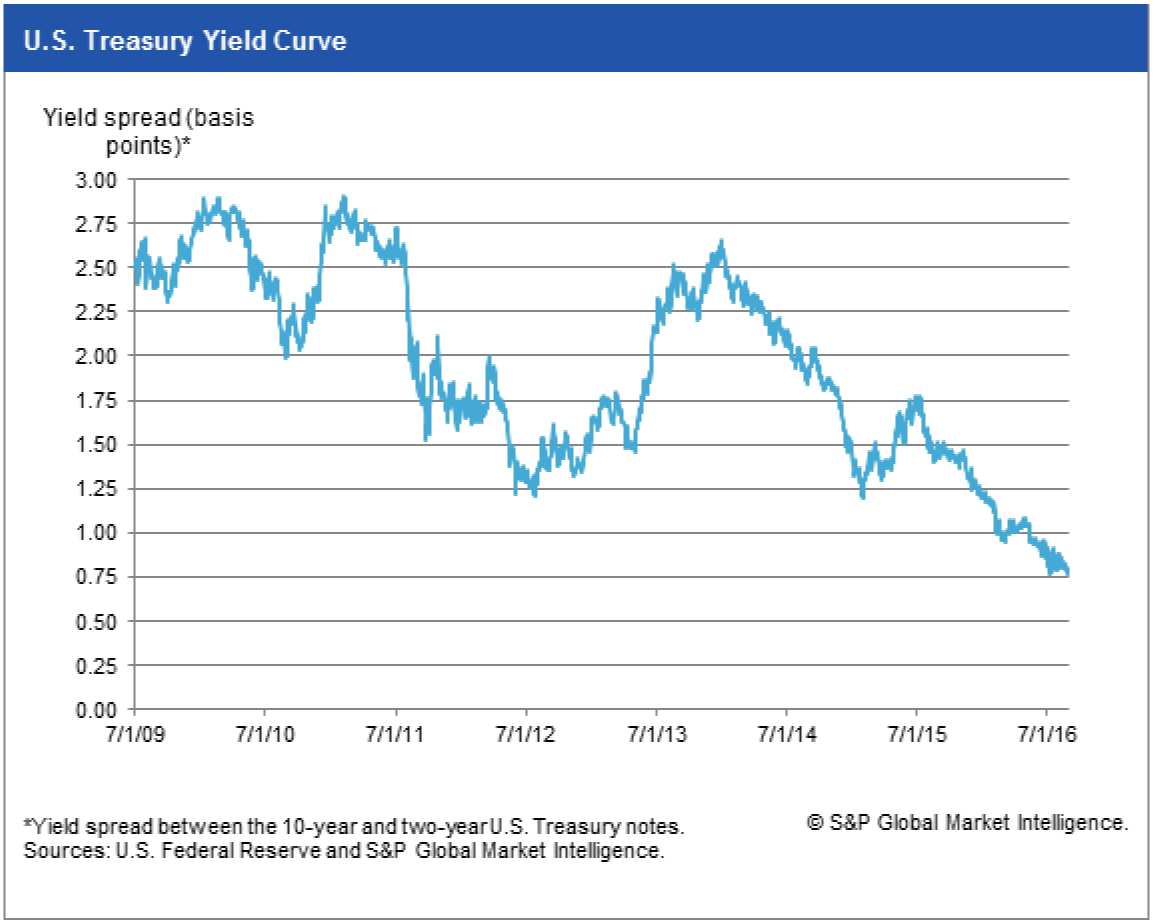


Regardless of the timing of the Fed's next rate decision, we fully agree that the U.S. economic outlook is extremely complex and that it is appropriate to normalize policy gradually. The Fed is apparently quite aware of the interconnection of the ongoing divergence between U.S. monetary policy and that of Europe and Japan, this relationship's bearing on the foreign exchange value of the dollar, and the potential for exchange rate developments to supply either inflationary or deflationary macro-influences on the global economy. For instance, if the Fed tightens too aggressively and the dollar strengthens significantly, imparting downward pressure on commodity prices, a detrimental deflationary development could be imposed on the energy, materials, and industrial sectors. Conversely, if the Fed remains stationary and the dollar weakens dramatically, bestowing upward pressure on commodities, crude oil, and gasoline prices in particular, higher inflation and commensurate rising interest rates could retard U.S. economic activity.

U.S. foreign exchange rate policy is traditionally understood to fall under the U.S. Department of the Treasury's supervision. However, Fed officials seem to be carefully weighing potential secondary side effects that FOMC decision-making could have on the foreign exchange value of the dollar in terms of economic headwinds or tailwinds.

Vice-Chair Fischer's recent commentary emphasizes that global central bank policies, while seemingly divergent, are also now interconnected, suggesting that current circumstances are perhaps more complex than what policymakers and investors previously experienced. This also raises the possibility that policy missteps by any single central bank could have global consequences, which could explain why Fed Chair Yellen has stated that monetary policy is not on a pre-set course and that the FOMC's ability to predict the path of interest rates is quite limited. Therefore, we will continue to monitor the slope of the U.S. Treasury security yield curve for clues on what global investors think about the U.S. economy's future vitality and the need for policy normalization. The yield spread between the 10-year and two-year Treasury notes has really only flattened in the past year or even the past three years for that matter. The spread stood at the cycle low of 76 basis points (bps) post-Jackson Hole on Aug. 29, which is in stark contrast to 121 bps at year-end 2015, 171 bps at mid-year 2015, and 266 bps at the peak of the "taper-tantrum" at year-end 2013 (see chart 2). A flattening yield curve is generally synonymous with a deflationary--i.e., constricted monetary policy--slow growth economic environment. For these reasons, the FOMC should proceed cautiously, especially while yield spreads compress.

Chart 2



Inside This Issue:

Macroeconomic Overview: The Fed Serves Notice From Jackson Hole: We Are Keeping Our Options Open

While recent commentary by an assortment of Federal Reserve officials provides worthwhile insights into current thinking within the FOMC, it still boils down to the same message the Fed has been giving for a couple of years now: The path of monetary policy remains data-dependent. Collectively, the Fed would clearly like to resume normalizing U.S. monetary policy, but the question remains if the economy actually warrants a tightening of U.S. monetary policy. In our view, the FOMC should proceed cautiously, especially while yield spreads compress.

Economic And Market Outlook: Second-Quarter Earnings Reporting Season Closes Out

Second-quarter earnings reporting season is nearly complete for the S&P 500 Index with 98% of the constituents having already reported. Earnings growth is running 342 bps ahead of initial expectations of -5.2% on July 11, in-line with the historic average beat rate, though growth is still projected to decline by 1.8% from second-quarter 2015. While this will be the fourth quarter in a row that the index posts a decline, the rate of decline has improved substantially from the trough of -6.8%, recorded in the first quarter. The current second quarter earnings projection is for $29.24.

S&P Dow Jones Index Commentary: S&P Dow Jones Indices Commentary: Real Estate Becomes The Eleventh Sector

After the close of business on Sept. 16, 2016, S&P Dow Jones Indices will create an 11 GICS sector by separating the real estate issues from financials to create the new real estate sector. The new sector consists of the current real estate industry group--minus mortgage REITs, which will remain in the financials sector. All in all, 19.36% of the financials sector value will be moved to the new real estate sector. The resulting makeup of the S&P 500 will place real estate ahead of materials and telecommunication services in market value. The financials sector's yield will decline to a pro forma 2.03% from 2.25%. Real estate will have a 3.16% yield.

R2P Corporate Bond Monitor

The news that rates could rise as early as September has slowed the tightening in spreads we've seen in recent weeks, though we remain constructive that credit conditions remain supportive globally. In our view, even if employment figures remain strong, other areas of the economy--namely the manufacturing segment--need to stabilize. In Europe, the PMI posted the highest reading since January and was mainly driven by the services segment. The manufacturing PMI, however, registered its second consecutive monthly slowdown with the PMI reading 51.8, down from 52 in July.

Capital Market Commentary: IPOs, M&A, And Debt

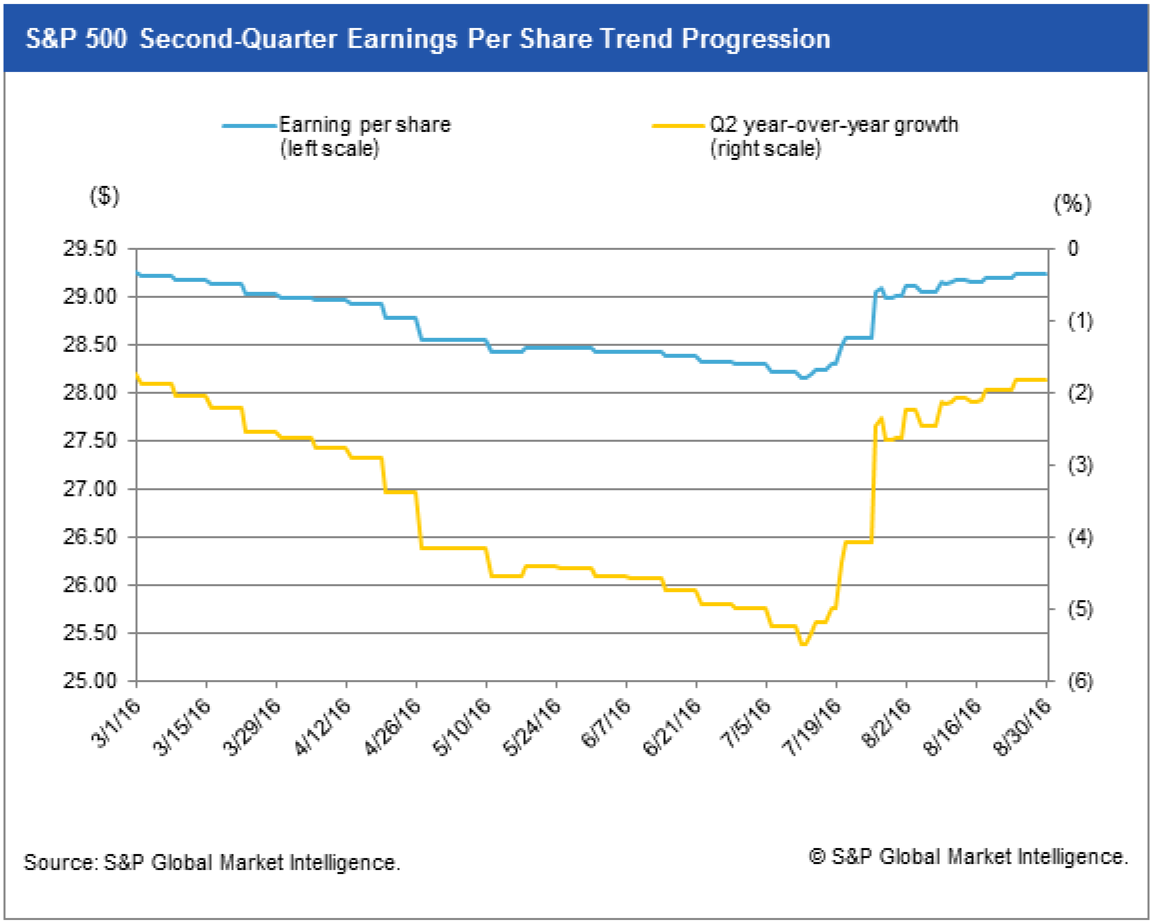
Two-thirds of the way through the year, and it's difficult to find a sector with improved IPO activity. Only the consumer staples offerings show stagnant growth with three IPOs this year, the same as a year ago. For underwriting proceeds, 2016 to date activity shows all sectors have had declines from year-ago figures with the exception of consumer staples and financials. Announced U.S. M&A activity to date in 2016 hovers near the $1 trillion market, according to the latest information from S&P Global Market Intelligence. Based on disclosed deal value, health care leads, followed by financials and information technology.

Economic And Market Outlook: Second-Quarter Earnings Reporting Season Closes Out

North America

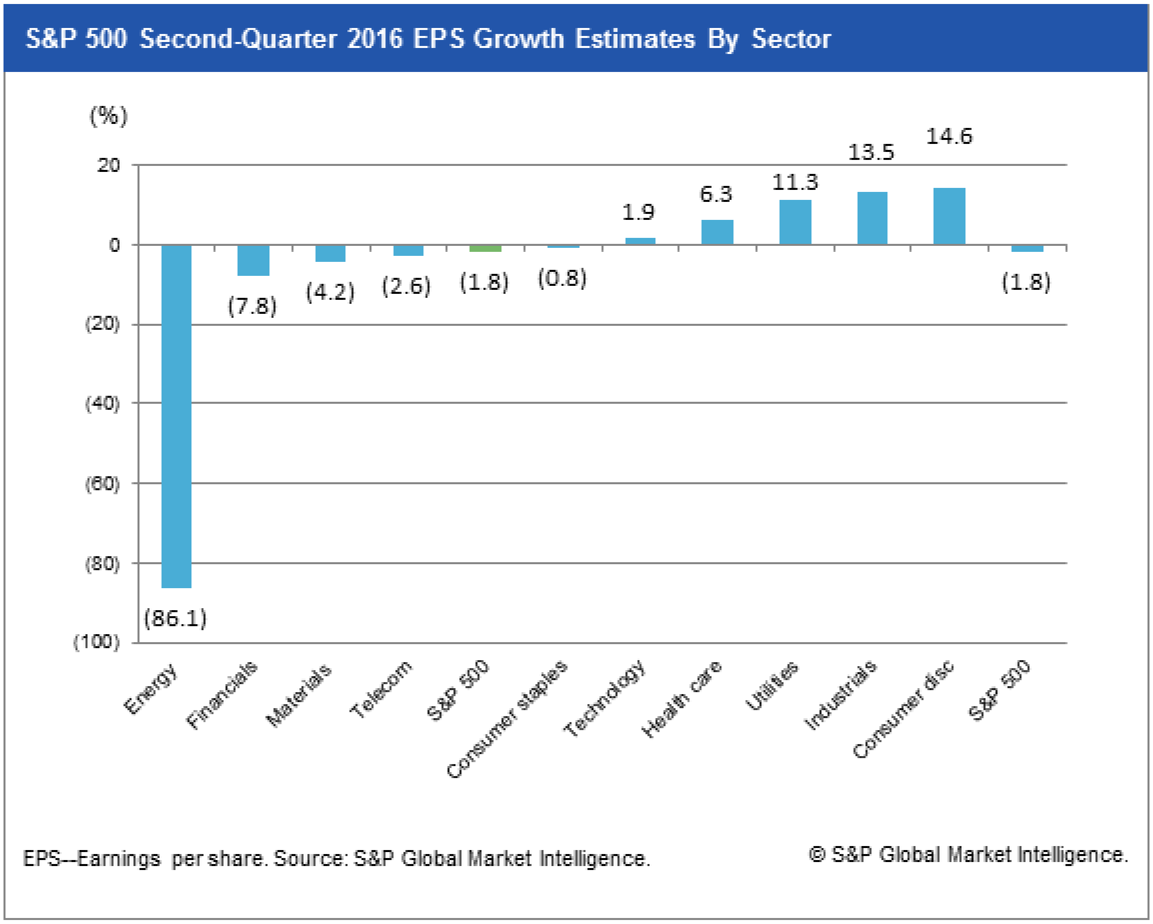
Second-quarter earnings reporting season is nearly complete for the S&P 500 Index with 98% of the constituents having already reported. Earnings growth is running 342 bps ahead of initial expectations of -5.2% on July 11, in-line with the historic average beat rate, though growth is still projected to decline by 1.8% from second-quarter 2015. While this will be the fourth quarter in a row that the index posts a decline, the rate of decline has improved substantially from the trough of -6.8%, recorded in the first quarter. The current second quarter earnings projection is for $29.24.

Chart 3



The consumer discretionary (14.6%), industrials (13.5%), utilities (11.3%), and health care (6.3%) sectors are the growth leaders for the quarter. The largest drag on earnings continues to be the energy sector, which is slated to post an 86.1% decline in growth. Other sectors weighing on growth are financials (-7.8%), materials (-4.2%), and telecommunication services (-2.6%). Excluding energy, earnings growth would be 3.1%.

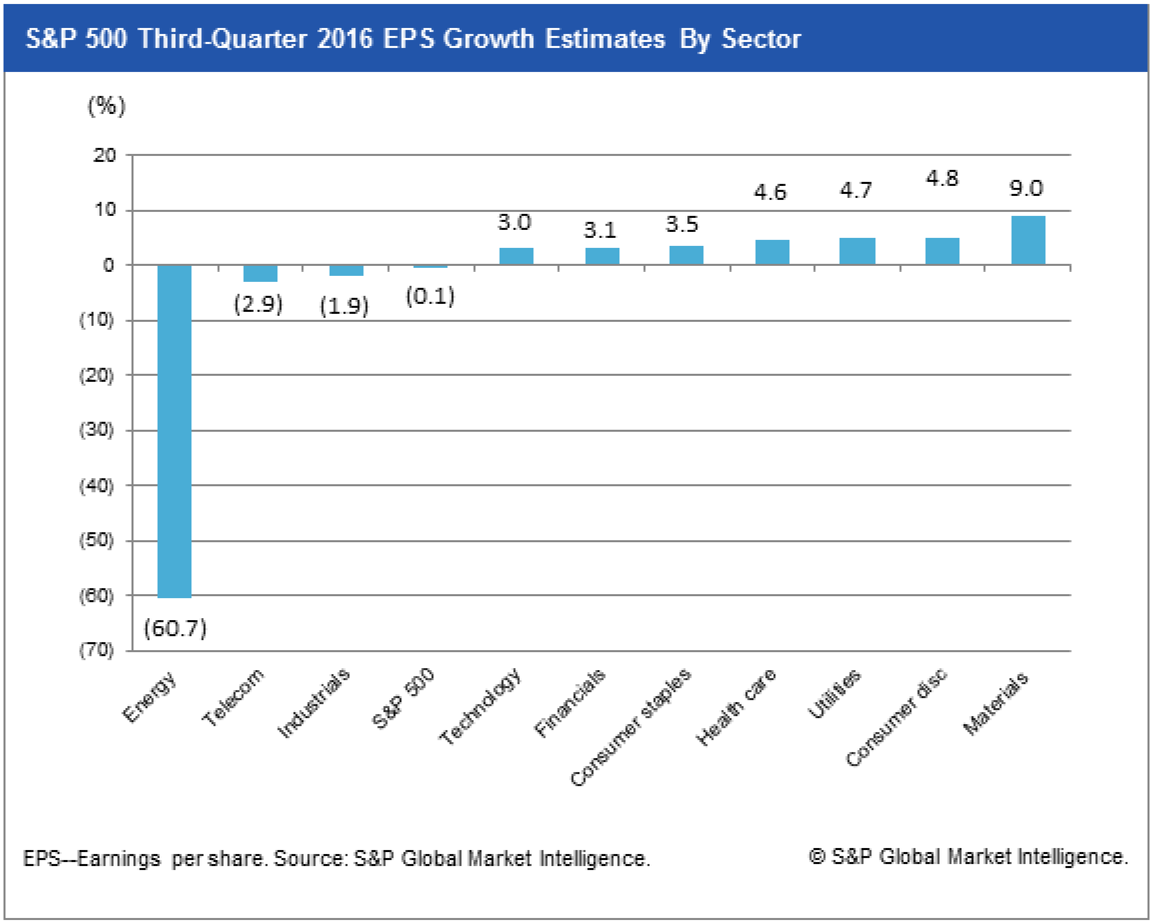
Chart 4



Of the companies that have reported, 65% announced better-than-expected results, slightly below the historical average of 66%. The sectors with the largest earnings beat rates are health care, information technology, and consumer staples, with beat rates of 82%, 80%, and 74%, respectively. Not surprisingly, energy has the lowest beat rate at 22%.

Looking forward to the third quarter, analysts currently project a slight decline of 0.12% year-over-year to $29.60 for earnings per share. Materials, consumer discretionary, utilities, and health care will likely have the largest growth at 9.0%, 4.8%, 4.7% and 4.6%, respectively. Only three sectors are expected to report declines in earnings: energy, telecommunication services, and industrials. In the prior two quarters, five sectors reported declines in growth. If the third quarter shows upside to initial estimates similar to the historical levels of 3.5 percentage points to 4.0 percentage points, it will be the first quarter in a year to show positive growth.

Chart 5



Europe

Inflation in the eurozone was only 0.2% in August, well below the European Central Bank's goal of 2%. The latest reading supports the notion of further easing of monetary policy to be deployed. Earnings growth rates for the Euro 350 continue to fluctuate with 2016 expected to decline 5.3% (versus -5.0% a month ago) and to increase 13.9% in 2017 (versus 14.4% a month ago).

Only three of the 10 Euro 350 sectors are expected to report growth in 2016. Consumer discretionary (4.0%) leads, followed by telecommunication services (2.5%), and health care (2.5%). Energy (-28.4%), financials (-18.4%), utilities (-11.1%), information technology (-9.8%), industrials (-3.8%), consumer staples (-1.1%), and materials (-1.3%) are all expected to report declines in growth.

Table 1

Calendar-Year 2016 And 2017 EPS And Growth Rate

	--Calendar-year 2016--		--Calendar-year 2017--	
	EPS (€)	**Growth (%)**	**EPS (€)**	**Growth (%)**
Consumer discretionary	128.48	4.0	141.02	9.8
Consumer staples	152.23	(1.1)	168.01	10.4
Energy	51.63	(28.4)	83.50	61.7
Financials	56.76	(18.4)	65.03	14.6

Table 1

Calendar-Year 2016 And 2017 EPS And Growth Rate (cont.)

	--Calendar-year 2016--		--Calendar-year 2017--	
	EPS (€)	**Growth (%)**	**EPS (€)**	**Growth (%)**
Health care	127.35	2.5	136.25	7.0
Industrials	102.68	(3.8)	114.37	11.4
Information technology	60.63	(9.8)	72.63	19.8
Materials	111.41	(1.3)	126.47	13.5
Telecommunication services	72.14	2.5	78.72	9.1
Utilities	86.26	(11.1)	87.73	1.7
S&P 350	85.80	(5.3)	97.70	13.9

EPS--Earnings per share. Source: S&P Global Market Intelligence.

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S&P Dow Jones Index Commentary: S&P Dow Jones Indices Commentary: Real Estate Becomes The Eleventh Sector

After the close of business on Sept. 16, 2016, S&P Dow Jones Indices will create an 11 Global Industry Classification Standard (GICS) sector by separating the real estate issues from financials to create the new real estate sector. The new sector consists of the current real estate industry group--minus mortgage REITs, which will remain in the financials sector. All in all, 19.36% of the financials sector value will be moved to the new real estate sector. The resulting makeup of the S&P 500 will place real estate (3.07% of the index) ahead of materials (2.94%) and telecommunication services (2.65%) in market value. The financials sector's yield will decline to a pro forma 2.03% from 2.25%. Real estate will have a 3.16% yield.

GICS is jointly maintained by S&P Dow Jones Indices and MSCI Inc. The classifications are used across the S&P indices to give investors a consistent picture whether they look at large cap versus small cap or foreign versus domestic.

GICS dates back to 1999 and had divided the world of equities into 10 sectors, 24 industry groups, 68 industries, and 157 subindustries. However, GICS is reviewed each year to assure that it remains relevant to market changes. Among those is the increasing interest in real estate investing through equities and the growing popularity of REITs. REITs are taxed differently from most corporations and are must distribute a large portion of their income. REITs are seen as attractive income-oriented dividend-paying investments.

Back in 1999, REITs were considered alternative investments and rarely found in mainstream indices. The initial recognition step came in 2001 when S&P Dow Jones Indices, after a market consultation, decided that REITs would be eligible for inclusion in the S&P 500. At that time, REITs and other real estate development companies were grouped together with the financials under GICS. Periodically, investors would suggest that real estate or REITs were lost amid the banks and brokers and should stand on their own. In the past few annual reviews, we heard more and more about real estate and REITs. Based on comments from investors, the real estate industry, and others, S&P Dow Jones Indices and MSCI announced in March 2015 that real estate would leave financials and become its own GICS sector. The move for GICS is at the end of August, and the shift in S&P Dow Jones Indices will be the rebalance on Sept. 16.

Table 2

Global Industry Classification Standard As Of Aug. 23, 2016

Index	Market value ($)	Price ($)	% of index	Pro forma yield (%)	Year-to-date return (%)
S&P 500 Energy	1,346,102,399,032	515.85	7.100%	7.100%	15.03%
S&P 500 Materials	558,092,806,570	308.94	2.94	2.94	12.90
S&P 500 Industrials	1,886,963,304,661	510.17	9.95	9.95	10.06
S&P 500 Consumer Discretionary	2,336,897,127,703	648.87	12.33	12.33	4.48
S&P 500 Consumer Staples	1,908,821,314,688	561.21	10.07	10.07	8.26
S&P 500 Health Care	2,823,480,600,688	860.37	14.89	14.89	3.26
S&P 500 Financials	3,010,990,203,884	323.50	15.88	12.81	0.55
S&P 500 Real Estate	582,887,384,263	204.72		3.07	7.62
S&P 500 Information Technology	3,964,385,938,781	785.76	20.91	20.91	8.91
S&P 500 Telecommunication Services	501,634,194,398	172.80	2.65	2.65	15.27
S&P 500 Utilities	622,115,876,357	253.62	3.28	3.28	15.28
S&P 500	18,959,483,766,762	2,186.90	100.00	100.00	6.99

Source: S&P Dow Jones Indices.

Table 3

REITs In The Financials Sector

Company	Subindustry
American Tower Corp.	Specialized REITs
Apartment Investment and Management Co.	Residential REITs
AvalonBay Communities Inc.	Residential REITs
Boston Properties Inc.	Office REITs
CBRE Group Inc.	Real estate services
Crown Castle International Corp.	Specialized REITs
Digital Realty Trust Inc.	Specialized REITs
Equinix Inc.	Specialized REITs
Equity Residential	Residential REITs
Essex Property Trust Inc.	Residential REITs
Extra Space Storage Inc.	Specialized REITs
Federal Rlty Investment Trust	Retail REITs
General Growth Properties Inc.	Retail REITs
HCP Inc.	Health care REITs
Host Hotels and Resorts Inc.	Hotel and resort REITs
Iron Mountain Inc.	Specialized REITs
Kimco Realty Corp.	Retail REITs
Macerich Co.	Retail REITs
Prologis Inc.	Industrial REITs
Public Storage	Specialized REITs
Realty Income Corp.	Retail REITs
Simon Property Group Inc.	Retail REITs
SL Green Realty Corp.	Office REITs
UDR Inc.	Residential REITs
Ventas Inc.	Health care REITs
Vornado Realty Trust	Office REITs

Table 3

REITs In The Financials Sector (cont.)

Company	Subindustry
Welltower Inc.	Health care REITs
Weyerhaeuser Co.	Specialized REITs

Source: S&P Dow Jones Indices.

Table 4

S&P 500 Dividends*

	No. of issues	No. of payers	Yield (%)	Pro forma yield (%)	Dividend contribution (%)	Pro forma contribution (%)
Consumer discretionary	87	68	1.58		9.25	9.25
Consumer staples	36	35	2.58		12.38	12.38
Energy	37	30	2.79		9.44	9.44
Financials	92	87	2.25	2.03	17.01	12.38
Real estate	28	27		3.16		4.63
Health care	57	34	1.66		11.78	11.78
Industrials	68	60	2.25		10.64	10.64
Information technology	68	46	1.55		15.41	15.41
Materials	27	25	2.12		2.97	2.97
Telecommunication services	5	4	4.53		5.70	5.70
Utilities	28	28	3.47		5.42	5.42
S&P 500	505	417	2.10		100.00	100.00

*As of Aug. 23, 2016. Source: S&P Dow Jones Indices.

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R2P Corporate Bond Monitor

The U.S. economy has remained fairly stable, while markets await further information following Fed Chair Yellen's admission that the case for a Fed funds rate increase has been strengthened. The timing could depend on the strength of employment figures. The news that rates could rise as early as September has slowed the tightening in spreads we've seen in recent weeks, though we remain constructive that credit conditions remain supportive globally. In our view, even if employment figures remain strong, other areas of the economy--namely the manufacturing segment--need to show stability across a few periods. The durable goods orders report provides support though as it rebounded by growing 4.4% on a monthly basis in July compared with a 4.2% drop in June. The bulk of the growth was for commercial aircraft, and nontransport orders rose a sizable 1.5% versus a 0.3% decline in June, indicating increased demand for business machinery. The everlasting yo-yo recovery in the manufacturing segment continues.

In Europe, the ongoing recovery appears to have two distinct sides, with another slowdown in the manufacturing segment partially offsetting modest growth in the services segment partially. PMI data showed that, overall, there was growth in the eurozone in August, registering a slight rise to 53.3 from 53.2 in July. The index posted the highest reading since January and was mainly driven by the services segment, whose PMI rose to 53.1 from 52.9 in July as new orders rose to their fastest pace in four months. The manufacturing PMI, however, told a different story. It registered its second consecutive monthly slowdown with the PMI reading 51.8, down from 52 in July. Despite the small decline, the trend in 2016 illustrates the lukewarm recovery in the segment with factory orders struggling to sustain demand. Inflation figures also disappointed in August with consumer prices rising at an annual rate of 0.2%, the same as July, despite investor optimism that the new stimulus package from Brussels would boost the indicator. We conclude that conditions are likely to remain supportive for European credit for some time.

The corporate bond market's strong positive returns of recent months continued in Europe and at a slightly slower pace in North America as spreads (as measured by the option-adjusted spread) continued to tighten overall in the month ended Aug. 26, 2016.

Risk-reward profiles (as measured by average Risk-to-Price scores) improved in Europe despite the continued tightening in spreads as market risks (as measured by bond-price volatility) improved across the board while credit risks (as measure by the probability of default) remained stable.

In North America, tightening spreads and increased credit risk in the health care and utilities sectors partially offset the lower volatility in the month, leading to a modest improvement in the risk-reward profile.

Table 5

North America Risk-Reward Profiles By Sector*

	Scores (%)	OAS (bps)	PD (%)	BP Vol. (%)
Consumer discretionary	4	(6)	(0.051)	(0.101)
Consumer staples	9	4	0.003	(0.104)
Energy	7	(7)	(0.146)	(0.242)
Financials	9	(2)	0.002	(0.053)
Health care	(6)	3	0.591	(0.034)
Industrials	9	(6)	(0.045)	(0.090)
Information technology	6	(4)	(0.015)	(0.063)
Materials	2	(13)	(0.106)	(0.188)
Telecommunications services	7	(18)	(0.073)	(0.182)
Utilities	(8)	5	0.481	(0.065)
Average	4	(4)	0.064	(0.112)

*One-month average Risk-to-Price score and components changes to Aug. 26, 2016. OAS--Option-adjusted spreads. bps--Basis points. PD--Probability of default. BP Vol.--Bond-price volatility. Source: S&P Global Market Intelligence.

Table 6

Europe Risk-Reward Profiles By Sector*

	Scores (%)	OAS (bps)	PD (%)	BP Vol. (%)
Consumer discretionary	15	(12)	0.028	(0.074)
Consumer staples	18	(3)	(0.005)	(0.085)
Energy	29	(1)	(0.032)	(0.076)
Financials	13	(6)	(0.029)	(0.074)
Health care	15	(6)	(0.008)	(0.033)
Industrials	29	(4)	(0.023)	(0.098)
Information technology	20	(29)	0.004	(0.365)
Materials	17	(27)	(0.009)	(0.130)
Telecommunication services	22	(6)	(0.057)	(0.055)
Utilites	16	(6)	(0.029)	(0.020)

Table 6

Europe Risk-Reward Profiles By Sector* (cont.)

	Scores (%)	OAS (bps)	PD (%)	BP Vol. (%)
Average	19	(10)	(0.016)	(0.101)

*One-month average Risk-to-Price score and components changes to Aug. 26, 2016. OAS--Option-adjusted spreads. bps--Basis points. PD--Probability of default. BP Vol.--Bond-price volatility. Source: S&P Global Market Intelligence.

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Capital Market Commentary: IPOs, M&A, And Debt

IPOs

Two-thirds of the way through the year, and it's difficult to find a sector with improved IPO activity. Only the consumer staples offerings show stagnant growth with three IPOs this year, the same as a year ago. For underwriting proceeds, 2016 to date activity shows all sectors have had declines from year-ago figures with the exception of consumer staples and financials. Also, materials and telecommunication services have yet to bring an offering this year. Looking ahead, several companies have recently filed plans to raise capital, which could make for an active September for IPO underwriting. This includes a proposed $100 million offering by e.i.f. Beauty Inc. and a $75 million issue by software firm Apptio Inc.

Table 7

U.S. IPO Issuance

Sector	2015 YTD	2016 YTD
Number of transactions by sector		
Energy	9	1
Materials	3	0
Industrials	7	4
Consumer discretionary	13	3
Consumer staples	3	3
Health care	53	30
Financials	11	8
Information technology	15	8
Telecommunication services	1	0
Utilities	2	1
No primary industry assigned	0	1
Deal value by sector (mil. $)		
Energy	4,188.66	80.00
Materials	426.86	0.00
Industrials	2,415.09	617.75
Consumer discretionary	1,774.33	726.98
Consumer staples	1,012.23	1,466.82
Health care	5,390.57	2,664.58
Financials	1,022.60	2,186.38
Information technology	2,808.11	1,673.57

Table 7

U.S. IPO Issuance (cont.)		
Sector	**2015 YTD**	**2016 YTD**
Telecommunication services	65.00	0.00
Utilities	1095	7.28
No primary industry assigned	0.00	150.00
YTD--Year to date. Source: S&P Global Market Intelligence.		

M&A

Announced U.S. merger and acquisition (M&A) activity to date in 2016 hovers near the $1 trillion market, according to the latest information from S&P Global Market Intelligence. Based on disclosed deal value, health care leads with $202 billion in transactions, followed by financials with $178 billion and information technology with $148 billion. In terms of number of transactions, financials ranks first for U.S M&A activity with over 4,300 deals, followed by consumer discretionary with 1,608 and industrials with 1,505. Among recently announced transactions, Chinese-owned Zhongwang USA LLC entered into a definitive agreement to acquire Cleveland-based aluminum company Aleris Corp. from Oaktree Capital Management L.P., Bain Capital Credit L.P., Apollo Management L.P., and others in a transaction valued at $2.33 billion on Aug. 29, 2016. In August, more than $112 billion in announced U.S. M&A transactions took place, marking the seventh straight month where U.S. M&A deal value topped the $100 billion mark.

Table 8

Announced 2016 U.S. Mergers And Acquisitions*			
--Number of transactions by sector--		**--Value by sector--**	
Sector	**No.**	**Sector**	**(Mil. $)**
Energy	314	Energy	74,588.24
Materials	383	Materials	102,862.89
Industrials	1,515	Industrials	86,117.55
Consumer discretionary	1,608	Consumer discretionary	80,613.03
Consumer staples	397	Consumer staples	35,567.08
Health care	1,046	Health care	202,241.78
Financials	4,307	Financials	178,398.02
Information technology	1,501	Information technology	148,030.15
Telecommunication services	66	Telecommunication services	4,743.75
Utilities	145	Utilities	68,219.32
No primary industry assigned	649	No primary industry assigned	14,391.73
Total	11,931		
--Most active buyers/investors by number of transactions--		**--Most active buyers/investors by total transaction size--**	
Company	**No.**	**Company**	**Total transaction size (mil. $)**
Physicians Realty Trust	19	Bayer AG	65,135.62
Carter Validus Mission Critical REIT II Inc.	14	Abbott Laboratories	39,269.55
STAG Industrial Inc.	11	Shire PLC	36,219.87
BRT Realty Trust	9	Microsoft Corp.	29,350.56
Gramercy Property Trust Inc.	9	Analog Devices Inc.	15,699.82
Terreno Realty Corp.	9	Montreal Inc.	14,330.90
CareTrust REIT Inc.	8	Transcanada Pipeline USA Ltd.	14,006.81

Table 8

Announced 2016 U.S. Mergers And Acquisitions* (cont.)			
Farmland Partners Inc.	7	Quintiles Transnational Holdings Inc.	13,548.54
Industrial Property Trust Inc.	7	Danone	12,539.62
Jones Lang LaSalle Income Property Trust Inc.	7	Fortis Inc.	11,478.35

Number of deals by transaction ranges

Range	No.
Greater than $1 billion	101
$500 million-$999.9 million	77
$100 million-$499.9 million	412
Less than $100 million	3,339
Undisclosed	8,002

Mergers and acquisition statistics

Total deal value (mil. $)	995,773.6
Average deal value (mil. $)	211.37
Average total enterprise value/revenue	6.36
Average total enterprise value/EBITDA	16.43
Average day-prior premium (%)	146.42
Average week-prior premium (%)	149.77
Average month-prior premium (%)	205.03

*Canceled transactions may be included in these statistics. M&A--Mergers and acquisitions. Source: S&P Global Market Intelligence.

Debt

On first impression, the number of requests for security identifiers for upcoming debt issues appears to show a flat period ahead for underwriting activity. According to data from Committee on Uniform Security Identification Procedures (CUSIP) Global Services there were 464 CUSIP orders, in total, for the six asset classes featured below. That was the same aggregate amount from the preceding week. The big jump was in requests for security identifiers for upcoming municipals, which rose to 311 from 268 in the preceding period. Another segment seeing a gain was for short-term municipal note CUSIP orders, which rose to 25 from 16. On the other hand, domestic corporate debt CUSIP orders, which has seen a double-digit percentage slump this year from year-ago levels, registered just 49 CUSIP requests, down from 74 in the prior week, indicating a tepid pace of near-term issuance. We wouldn't be surprised to see a continual drifting downward of CUSIP orders until after the Labor Day holiday.

Table 9

Selected Debt CUSIP Requests

	Week ended Aug. 26	Week ended Aug. 19	2016 YTD	2015 YTD	Change (%)
Domestic corporate debt	49	74	5,808	6,581	(11.75)
Municipal bonds	311	268	10,800	10,316	4.69
Short-term municipal notes	25	16	774	893	(13.33)
Long-term municipal notes	7	7	361	266	35.71
International debt	34	53	1,553	2,024	(23.27)
PPN domestic debt	38	46	1,334	1,367	(2.41)

Table 9

Selected Debt CUSIP Requests (cont.)

	Week ended Aug. 26	Week ended Aug. 19	2016 YTD	2015 YTD	Change (%)
Total	464	464	20,630	21,447	(3.81)

CUSIP--Committee on Uniform Security Identification Procedures. PPN--Private placement number. YTD--Year-to-date. Source: CUSIP Global Services.

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