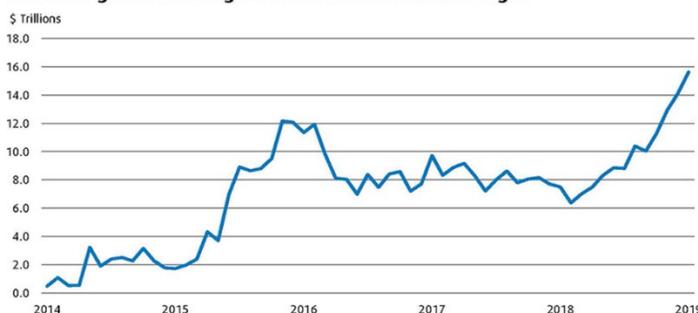


### Fixed Income – Seeing Red in a Bond Market

We just recently went above \$16 trillion in negative yielding global debt according to the Bloomberg Barclays Global Aggregate Negative Yielding Debt index. The level of negative yielding debt is now approximately 28% of the total debt universe, according to Bloomberg figures. Negatively yielding debt became a phenomenon in 2014, initially in Europe and spreading around the globe. The U.S. has so far avoided negative yields on a broad basis, but the 10-year Treasury has been as low 0.50% with rumors that the Fed would not rule out allowing yields to go negative in the U.S. The concept behind negative yields is that it would result in higher economic growth, but the results do not necessarily support that thesis. Negative yields result in financial repression, especially on retirees who rely on interest for retirement income and is in part why risk assets have gone up.

**Global Negative Yielding Debt Has Reached Record Highs**

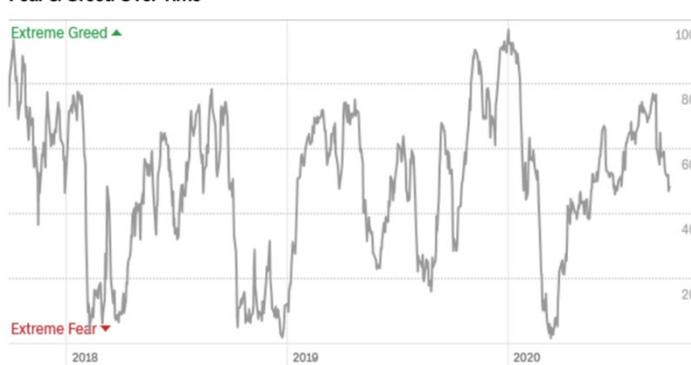


Source: BMO Global Asset Management and Bloomberg. Represents the Bloomberg Barclays Global Aggregate Negative Yielding Debt Index. Investments cannot be made in an index.

### Taking Stock – Trending Fear or Greed

One of the really insightful charts based on technical analysis is the Fear and Greed index that is published by CNN. The basis of the charts is that when greed is high, stocks tend to be overvalued and future returns are expected to be below the long-term trend. When Fear is high, risk assets are eschewed causing stocks to be undervalued with likely higher than average long-term returns. The index is ultimately based on the CBOE Put/Call index as a gauge of investor belief about the future of the stock market. Over entire market cycles the data tends to overlay with actual stock performance relatively closely. When analyzing shorter term periods, the results are more opaque as the index has not been as effective as a “timing” indicator as it is a gauge of expected future returns.

**Fear & Greed Over Time**



Source: Money.cnn.com