



The Bespoke Report

Back To School

Even though many areas of the country already started school at least a week ago and others (like NYC) delayed the start of the school year due to this week's Jewish holiday of Rosh Hashanah, Labor Day weekend has traditionally marked the end of summer and the start of the school year. Any parent with a school age child can identify with the *Staples* back to school commercial set to the music of "It's the Most Wonderful Time of the Year." For kids out there, though, it doesn't get much worse than Labor Day as the care free attitude of summer gives way to the uncertainty of another school year and the new teachers and classmates it will bring.

Much of 2013 has been like summer-time for investors. However, heading into Labor Day weekend this year, most of us probably have more in common right now with the students tentatively stepping up in to their school buses and wondering what is in store going forward. Instead of new teachers and classmates, though, investors are worried about Syria, the Fed, and Washington politics. The market was already showing some signs of pressure in August as the S&P 500 had its worst month in more than a year. On top of that, we all know that September has traditionally been the worst month of the year for equity market returns.

If the calendar was not stacked enough against the bulls already, this year the Jewish holidays of Rosh Hashanah and Yom Kippur came early. There's a common market axiom on Wall Street that says that investors should sell on Rosh Hashanah and buy on Yom Kippur. In other words, the ten day stretch between the Jewish New Year and the Day of Atonement is a period of time where bulls should go into hibernation. According to Art Cashin, the reason for the historical weakness in equities during this period is that people of the Jewish religion "wished to be free (as much as possible) of the distraction of worldly goods during a period of reflection and self-appraisal."

Whatever the explanation for the market's weakness, as with all market axioms, there is some truth to the phrase. The table on page two shows the historical performance of the S&P 500 from the close before Rosh Hashanah to the close on Yom Kippur going back to 2000. As shown, the S&P 500 has averaged a decline of 1.43% during the period with positive returns in only five out of thirteen years (38%).



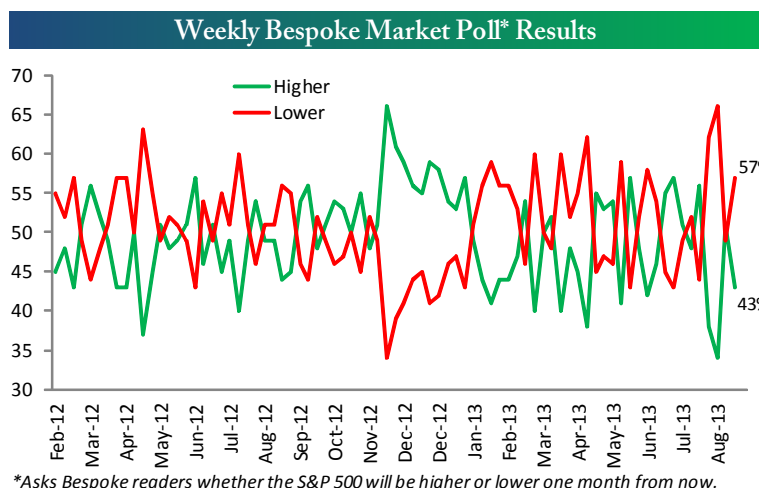
While the overall average change of the S&P 500 from Rosh Hashanah through Yom Kippur is a decline of 1.43%, we would note that the 18% decline in 2008 skews the results by quite a bit. Looking at the median return instead shows that the S&P 500 declines a more modest 0.50% during the period. Nonetheless, it is still negative. For the sake of reference, this year Rosh Hashanah began at sundown Wednesday (9/4) and Yom Kippur ends on 9/14.

Rosh Hashanah - Yom Kippur Performance: 2000 - 2012

Year	S&P 500 Change (%)	
	Rosh Hash - Yom Kippur	Rest of Year
2000	-2.40	-5.83
2001	-1.94	12.71
2002	-0.32	-1.27
2003	3.76	7.50
2004	-0.92	9.17
2005	-4.06	6.07
2006	1.26	6.53
2007	3.68	-3.76
2008	-17.76	-0.73
2009	-0.50	4.90
2010	2.43	11.73
2011	0.38	8.84
2012	-2.21	-0.50
Average	-1.43	4.26
Median	-0.50	6.07

Although equities typically run into trouble between Rosh Hashanah and Yom Kippur, following that ten-day stretch, performance improves. Since 2000, the S&P 500 has averaged a gain of 4.26% for the remainder of the year with positive returns 62% of the time. On a median basis, the return is even better at 6.1%.

A look at investor sentiment heading into this week illustrates both the bearish sentiment and trepidation on the part of investors. Based on our weekly Bespoke Market Poll, the percentage of readers who were bullish this week dropped to 43%, while bears increased to 57%. Looking at the last few weeks, however, shows just how skittish investors are. Since the start of August, bearish sentiment jumped from one of its lowest levels of 2013 up to its highest level since we began the poll in early 2012. From there it proceeded to fall back below 50% and now to its current level of 57%.

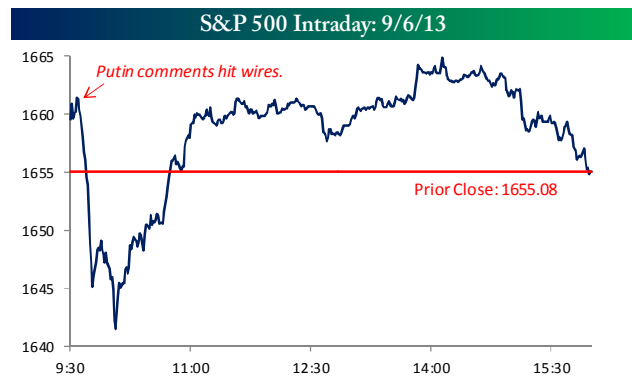




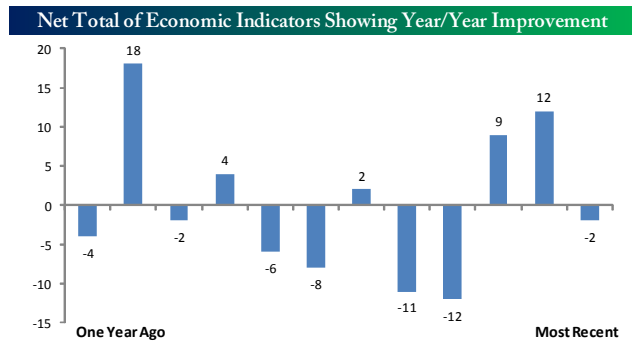
Syria continued to dominate the headlines this week, causing intraday gyrations in the market depending on whether or not a military strike looked more (market declined) or less likely (market rallied). While a strike looked imminent last Friday, with President Obama putting the ball into the hands of Congress, the uncertainty is likely to continue to drag on into at least next week as the House will not even be back in session until September 9th. Therefore, investors should expect more of the same on that front in the short term.

In last week's report, we noted that at this point Syria is more than likely just short-term noise. In terms of the human toll, the events are hard to watch. From a market perspective, however, Syria is likely to end up like other geo-political conflicts of the last several years, where the market whipsawed as the event unfolded, but then quickly faded in the rearview mirror.

That being said, comments like Friday's from Russian President Vladimir Putin will continue to cause gyrations in the market. In this case, Putin said that Russia would assist Syria in case of any external attack. Those comments more than erased an early rally on the heels of a 'Bernanke-locks' employment report. Then, cooler heads prevailed when investors realized that Russia is already aiding Syria now, so Putin's comments did not indicate any change of policy. Due to this headline risk and continued uncertainty, though, you can't fault investors for being more cautious.



Outside of the debate over Syria, there was a flood of economic data that made headlines this week. Heading into the week, there was a fair amount of concern over what impact rising interest rates were having on the already lackluster economic recovery. On Monday, we updated our monthly *Matrix of Economic Indicators* (see page four for the list of indicators), which showed that although the economy was still growing, the momentum was clearly fading.





The table below summarizes the y/y change by month (unless otherwise noted) in economic indicators over the last year by category. We also highlight each release to show if the report got better (green) or worse (red) since its last reading. As shown in the 'Total' line below, the net number of indicators showing improvement saw a sharp decline in August, falling from positive twelve down to negative two. While the economy is still in 'growth' mode (however slow), there was a loss of momentum in August.

This month's decline was driven largely by a loss of momentum in indicators tracking the consumer and housing. Of the five categories shown below, not a single one saw an improvement in its net momentum relative to last month. Manufacturing was the only relative bright spot as the net number of indicators showing improvement this month was unchanged at positive two.

Category Indicator	Year/Year Change (Unless Otherwise Noted)											
	Most Recent Report											One Year Ago
Manufacturing/Output	5.40	0.90	-1.00	0.70	1.30	4.20	3.10	0.20	-0.10	1.70	1.60	0.70
ISM Manufacturing (actual)	10.40	1.60	6.50	5.00	6.50	6.90	6.40	10.80	10.90	6.80	9.60	6.30
Industrial Production	1.42	1.83	1.66	1.87	3.02	2.23	2.05	2.75	3.32	2.21	2.90	2.83
Capacity Utilization	-0.39	0.00	-0.13	0.13	1.16	0.26	0.00	0.65	1.17	0.00	0.65	0.52
Durable Goods	-0.26	10.88	9.52	2.62	-0.89	4.38	-1.41	1.66	-0.09	4.04	2.66	-7.80
Durable Goods ex Tran	5.88	5.26	3.53	1.45	-0.85	1.66	3.45	-2.98	-0.46	-1.26	-2.04	-1.91
Nominal GDP	3.14			3.08			3.80			4.77		
Real GDP	1.64			1.32			1.95			3.13		
Employment	331	328	344	346	328	348	334	348	350	366	400	372
Jobless Claims (actual)	331	342	346	353	338	359	347	357	365	370	395	369
Jobless Claims (4 Wk Avg)	1.79	1.73	1.63	1.59	1.62	1.60	1.69	1.77	1.84	1.84	1.85	1.99
ADP Employment	1.70	1.70	1.62	1.59	1.52	1.57	1.53	1.66	1.67	1.61	1.62	1.69
Non Farm Payrolls	1.87	1.97	1.93	1.77	1.83	1.99	1.89	1.79	1.48	1.33	1.43	1.33
Average Hourly Earnings	33.60	33.70	33.70	33.70	33.80	33.80	33.60	33.70	33.70	33.60	33.70	33.60
Average Workweek (actual)	7.40	7.60	7.60	7.50	7.60	7.70	7.90	7.80	7.80	7.90	7.80	8.10
Unemployment Rate (actual)	2.30	4.85	-41.19	-6.01	30.03	7.01	-24.41	-22.09	34.39	11.61	-70.78	-36.93
Challenger Job Cuts	13.71	16.94	22.21	34.18	13.38	28.82	28.15	35.29	32.15	35.32	50.98	27.82
Housing	20.92	11.76	29.25	13.00	42.15	35.90	24.20	41.64	18.42	41.64	31.38	28.03
Building Permits	6.78	26.39	18.97	26.70	26.93	21.58	35.50	16.13	21.34	15.51	26.32	25.08
Housing Starts	17.17	14.74	11.98	9.71	10.76	9.51	9.53	12.13	12.73	11.03	10.14	9.75
New Home Sales	6.73	10.90	11.08	9.47	6.98	7.76	8.79	6.63	8.97	12.58	15.64	11.62
Existing Home Sales	13.04	-10.42	-4.26	-12.24	-16.00	-14.58	-26.42	-15.09	-21.05	-20.00	-28.57	-29.23
Pending Home Sales	59.46	60.00	75.86	57.14	70.83	57.14	64.29	88.00	123.81	136.84	141.18	185.71
Monthly Supply	12.07	12.20	12.07	10.82	9.32	8.12	6.94	5.51	4.26	2.99	1.98	1.18
NAHB Homebuilder Index	1.96	1.76	1.39	1.11	1.48	1.98	1.58	1.76	1.77	2.16	1.97	1.70
Case Shiller 20 Market Price	1.70	1.64	1.68	1.72	1.89	2.00	1.92	1.89	1.94	2.00	1.99	1.92
Inflation	2.12	2.49	1.77	0.67	1.13	1.81	1.45	1.40	1.40	2.29	2.12	1.99
CPI	1.20	1.64	1.65	1.70	1.71	1.71	1.82	2.05	2.17	2.17	2.34	2.57
Core CPI	1.39	1.32	1.07	0.92	1.19	1.53	1.37	1.54	1.59	1.85	1.70	1.58
PPI	1.20	1.23	1.20	1.23	1.39	1.50	1.54	1.60	1.67	1.76	1.71	1.70
Core PPI	1.02	0.07	-1.83	-2.71	-2.08	-0.63	-1.48	-1.97	-1.41	0.00	-0.64	-1.76
PCE	-0.69	-0.52	-0.43	-0.17	-0.17	0.26	0.17	0.09	0.09	-0.17	-0.85	-0.86
Core PCE	32.95	23.85	30.94	15.37	0.44	-10.94	-5.03	-4.42	2.93	29.53	78.73	47.41
Import Prices	10.50	17.70	14.89	6.56	0.00	3.15	3.05	-1.60	4.29	29.02	35.63	31.82
Import Prices ex Petrol.	3.28	3.09	3.12	2.76	2.99	3.00	2.36	7.94	5.38	4.03	3.60	2.91
Consumer	3.09	3.36	2.90	2.65	3.19	3.24	3.37	3.80	3.73	3.68	4.01	3.76
Consumer Confidence	5.40	5.90	4.37	3.69	3.21	4.26	4.54	5.17	4.47	4.37	5.65	5.33
Michigan Confidence	4.01	4.35	3.44	2.88	2.54	3.60	3.87	4.69	3.96	4.26	4.82	4.08
Personal Income	13.86	9.04	8.01	8.39	3.40	3.66	14.24	9.01	14.87	6.88	12.77	19.75
Personal Spending	1.93	2.22	1.93	4.28	2.39	2.10	1.84	2.09	3.31	3.46	2.47	2.87
Retail Sales	-2	12	9	-12	-11	2	-8	-6	4	-2	18	-4
Retail Sales ex Autos												
Auto Sales												
Chain Store Sales												
Total												

Stronger than prior month. Weaker than prior month.



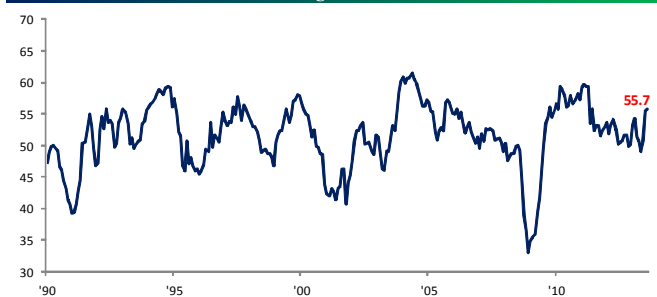
This week's economic data helped to ease concerns over the economy's momentum. In what was a busy week for data, the number of better than expected economic indicators outweighed the number of weaker than expected reports by a wide margin. Of the 20 indicators released this week, twelve came in better than expected, five were weaker, and three were inline. With better than expected indicators outnumbering weaker than expected reports by more than 2-1, optimism over the economy increased, which was both good and to a lesser degree bad.

Economic Indicators vs. Estimates: Week of 9/6

Date	Release	Estimate	Actual	Difference
9/3	Construction Spending	0.4	0.6	0.2
9/3	ISM Manufacturing	54.0	55.7	1.7
9/3	ISM Prices Paid	51.2	54.0	2.8
9/3	IBD/TIPP Econ. Optimism	46.0	46.0	0.0
9/4	Trade Balance (\$, bln)	-38.6	-39.1	-0.5
9/4	Total Vehicle Sales (mln)	15.8	16.0	0.2
9/4	Domestic Vehicle Sales (mln)	12.30	12.44	0.14
9/5	ADP Employment ('000s)	184	176	-8
9/5	Initial Jobless Claims ('000s)	330	323	-7
9/5	Continuing Claims ('000s)	2985	2951	-34
9/5	Nonfarm Productivity	1.6	2.3	0.7
9/5	Unit Labor Costs	0.8	0.0	-0.8
9/5	Factory Orders	-3.4	-2.4	1.0
9/5	ISM Non-Manufacturing	55.0	58.6	3.6
9/6	Nonfarm Payrolls ('000s)	180	169	-11
9/6	Private Payrolls ('000s)	180	152	-28
9/6	Manufacturing Payrolls (000s)	5	14	9
9/6	Unemployment Rate (%)	7.4	7.3	-0.1
9/6	Average Hourly Earnings	0.2	0.2	0.0
9/6	Average Weekly Hours	34.5	34.5	0.0

Tuesday's release of the ISM Manufacturing report for August kicked off the good week of data, coming in stronger than expected (55.7 vs. 54.0). The increase in August built on July's surprising increase. The ISM Manufacturing index is now at its highest level since June 2011.

ISM Manufacturing (Overall): 1990 - 2013



The table below breaks down each of the ISM Manufacturing Index's sub-indices. Of the ten components, seven increased over July's levels, as both Production and New Orders came in above 60 for the first time since March 2011. Compared to a year ago, this month's reading was even a little bit stronger as all but two components were either unchanged or higher relative to where they were last year.

ISM Manufacturing Current Levels: August 2013

Index	Current	One Month Ago	One Year Ago	Change	
				One Month	One Year
Overall	55.7	55.4	50.7	↑	↑
Production	62.4	65.0	48.9	↓	↑
New Orders	63.2	58.3	48.9	↑	↑
Backlog Orders	46.5	45.0	42.5	↑	↑
Supplier Deliveries	52.3	52.1	50.2	↑	↑
Business Inventories	47.5	47.0	53.0	↑	↓
Customer Inventories	42.5	47.5	49.0	↓	↓
Employment	53.3	54.4	52.6	↓	↑
Prices Paid	54.0	49.0	54.0	↑	↑
Export Orders	55.5	53.5	47.0	↑	↑
Imports	58.0	57.5	49.0	↑	↑



Thursday's ISM Services report for August was also positive as it exceeded expectations by 3.6 points (58.6 vs. 55.0). To find a month where the actual reading exceeded expectations by a larger margin, you have to go all the way back to February 2009! Equally impressive is the fact that the actual reading in the ISM Services index was the highest since December 2005.



Combining Thursday's reading in the ISM Services with Tuesday's ISM Manufacturing report and weighting each indicator according to its weight in the overall economy, the overall reading of the ISM Manufacturing and ISM Services index came in at a level of 58.3. This was tied for the highest reading in this indicator since November 2005.





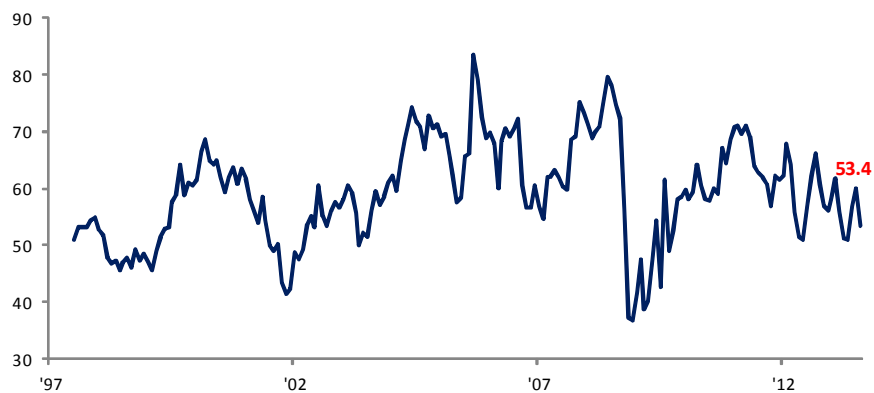
Breaking out Thursday's ISM Non-Manufacturing report by each of the indicator's subcomponents showed broad based strength. Relative to last month, the only two components that declined were Inventory Sentiment and Prices, and like the Manufacturing index, both Business Activity and New Orders were both above 60. The last time both of these components were above 60 in each index was back in February 2011.

ISM Non Manufacturing: August 2013

Index	Current	One Month Ago	One Year Ago	Change	
				One Month	One Year
Overall	58.6	56.0	54.3	↑	↑
Business Activity	62.2	60.4	56.3	↑	↑
New Orders	60.5	57.7	55.6	↑	↑
Backlog Orders	50.5	46.5	50.5	↑	↑
Supplier Deliveries	54.5	52.5	51.5	↑	↑
Inventories	56.0	53.5	52.5	↑	↑
Inventory Sentiment	63.5	64.0	67.0	↓	↓
Employment	57.0	53.2	53.9	↑	↑
Prices	53.4	60.1	62.3	↓	↓
Export Orders	50.5	49.5	52.0	↑	↓
Import Orders	55.0	50.5	49.5	↑	↑
Manufact. & Non-manufact.	58.3	55.9	53.9	↑	↑

As mentioned above, Prices Paid was one of only two subcomponents in the ISM Non Manufacturing index that declined in August, and with a drop of 6.7 points, this component saw the largest one month decline since April 2012. Looking at the long term chart of Prices Paid in the ISM Services index shows that inflation does not seem to be a problem looming on the horizon. With multiple lower highs and lower lows, if the chart was a stock, it would be a short.

ISM Non Manufacturing (Prices Paid): 1997 - 2013





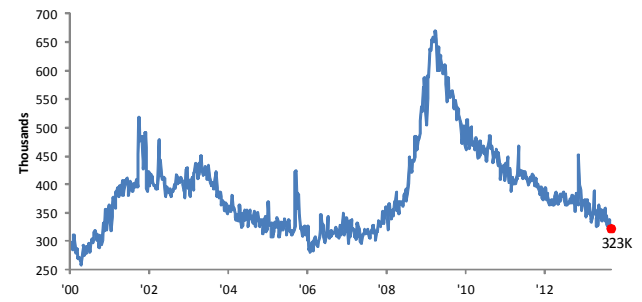
Thursday's release of initial jobless claims for the latest week were lower than expected (323K vs. 330K) and came within 1K of the post recession low of 322K hit in early August. With this reading, jobless claims have now been under 350K for eight straight weeks.

The fact that jobless claims have been settling within a new lower range is evident in the four-week moving average for claims. With this week's drop in claims, the four-week moving average is now down to 328.5K, which is the lowest level since October 2007.

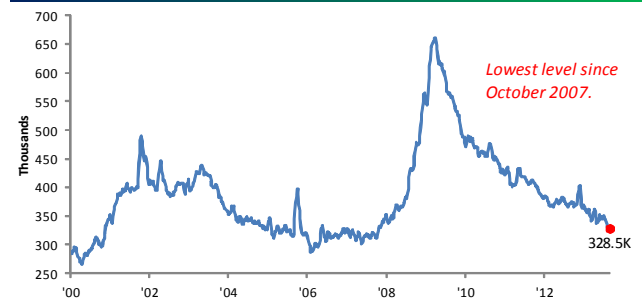
On a non-seasonally adjusted basis (NSA), initial claims fell by nearly 10K to 268.8K. This is the lowest weekly reading in this indicator since September 2007. For the current week of the year, this week's reading was also well below the historical average of 319K going back to 2000.

Given how closely jobless claims (on an inverted scale) have tracked the S&P 500 throughout this bull market, investors should take the fact that jobless claims are right near post-recession lows as a positive sign of further gains ahead for equities.

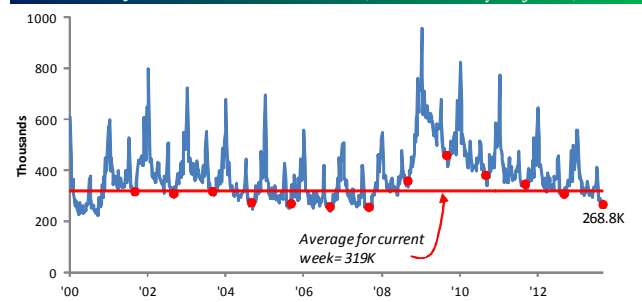
Initial Jobless Claims (Seasonally Adjusted): 2000 - 2013



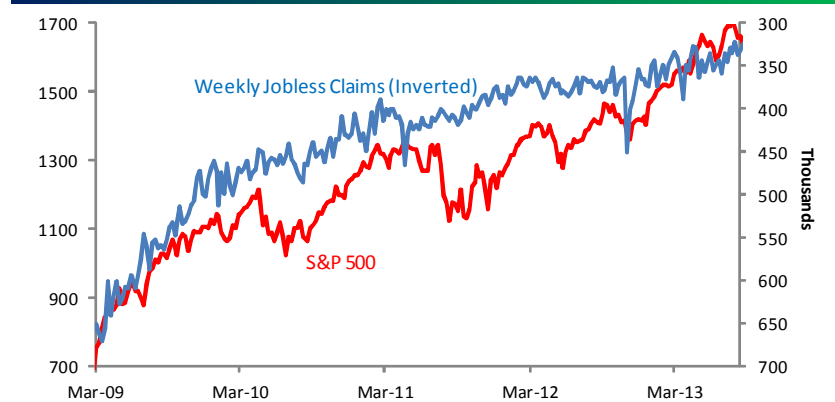
Initial Jobless Claims (SA): 2000 - 2013 (Four Week Moving Average)



Initial Jobless Claims: 2000 - 2013 (Non Seasonally Adjusted)



Initial Jobless Claims (Inverted) vs S&P 500 : March 2009 - 2013

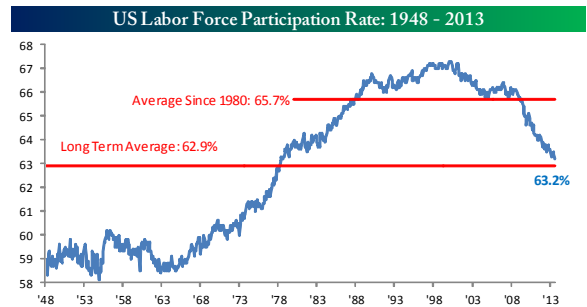




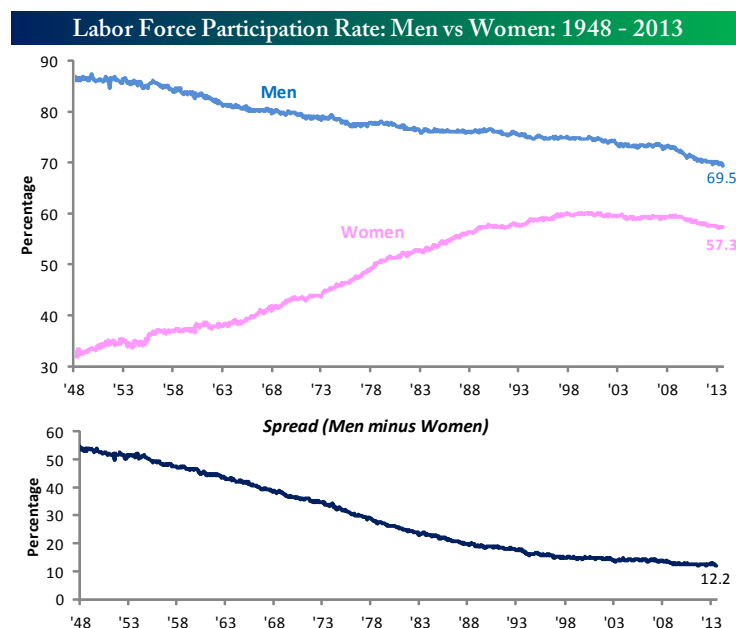
Although the initial jobless claims report continued to show strength, both the ADP and Non Farm Payrolls reports were mixed. In each case, the headline number was slightly weaker than expected by about 10K, so it was hardly a big miss. While these two reports were weaker than expected, the unemployment rate declined another 0.1 percentage points down to 7.3%, which is the lowest level since President Obama took office.

In the case of the unemployment rate, though, a primary factor behind the decrease was due not to robust job growth, but instead a continued decline in the size of the labor force. As shown in the chart to the right, the current labor force participation rate in the United States is just 63.2%, which is the lowest level since May 1978!

This is only 0.3 percentage points above the historical average of 62.9%, but that number takes into account the 25 years *before* many women started to enter the official workforce. Since 1980, the US labor force participation rate is a much higher 65.7!



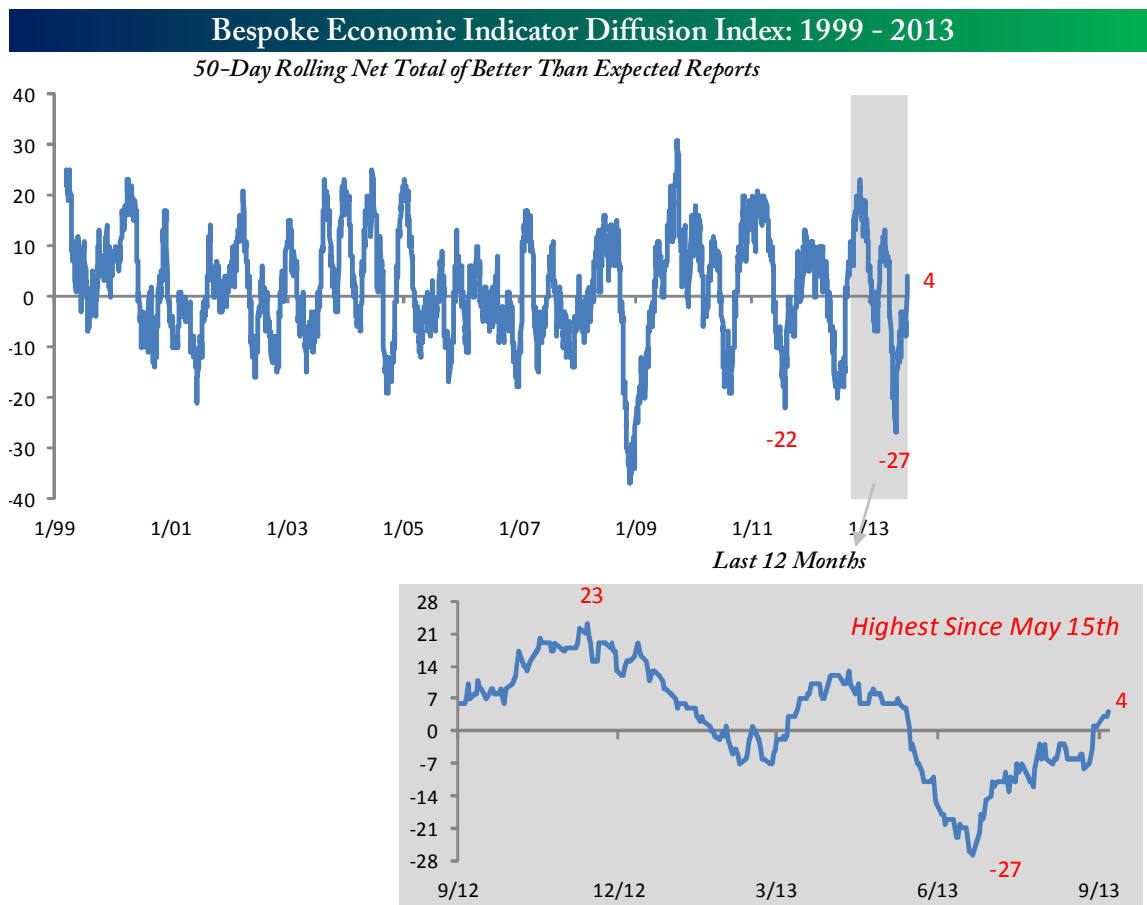
While women were responsible for much of the increase in the labor force participation rate in the 1970s, they are hardly responsible for the decline since the size of the labor force peaked at 67.3% in January 2000. Since that peak, the participation rate among women has declined by 2.8 percentage points, while the decline among men has been double that at 5.6 percentage points. As a result of the shift in participation rates, the current spread between the percentage of men and women in the workforce is at a record low of 12.2%.





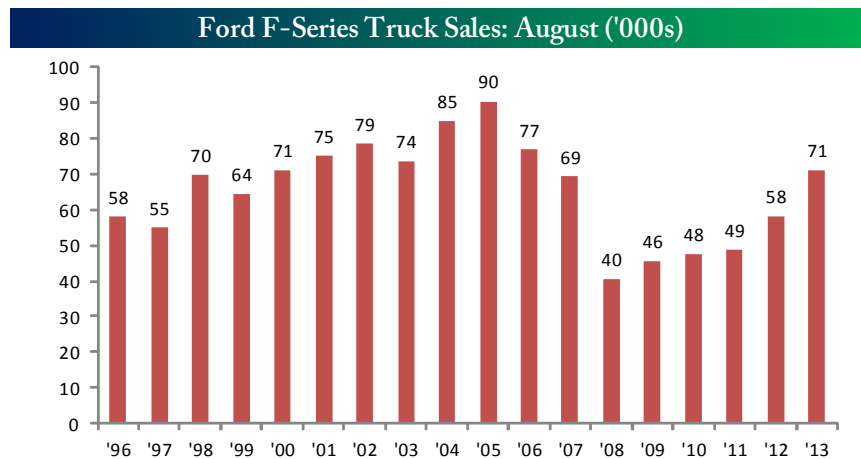
Following this week's better than expected economic data, our *Economic Indicator Diffusion Index* (shown below) continued to improve. This index measures the pace at which economic indicators are coming in ahead of (or below) estimates over a 50-day period, and it provides a nice illustration of how the economy is playing out compared to expectations. Positive readings indicate an economy surprising to the upside, while negative readings are representative of an economy failing to live up to expectations.

Over the summer, this index sank as low as negative 27, which was actually the lowest level since January 2009. Since then, though, the diffusion index has seen a sizable turnaround to its current level of positive four. This is the highest reading for the indicator since mid-May, just before the market peaked in the spring. The only difference between now and then was that in May the Diffusion index was falling from higher levels, while today it is rising. The fact that the Diffusion Index has been improving shows that despite some loss of momentum in economic data, expectations were even lower.

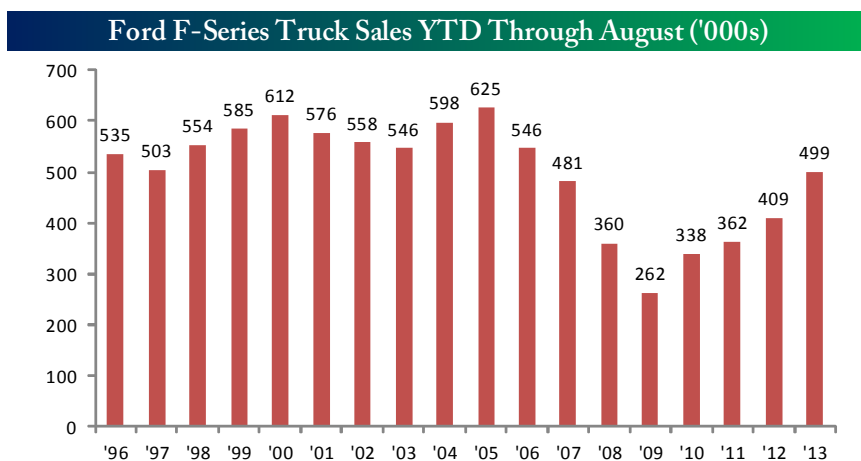




In addition to the flood of economic data that accompanies each new month, we also get a look at one of our favorite non traditional indicators, and that is sales of pick-up trucks. Pick up truck sales are often a sign of strength or weakness in the small business and construction sectors, as these types of businesses are the most common users of these vehicles. With that in mind, the August results from Ford regarding F-Series sales are another strong positive signal. During the month of August, sales of the F-Series totaled just over 71,000, which represented a 22% increase over August of last year and was the highest August reading since 2006.



With this month's increase, total sales of F-series trucks for 2013 have risen to 499K. This also represents the highest year to date total through August since 2006's level of 546K. This morning's news is not only good news just for Ford (where trucks are a high margin product), but it also provides further evidence that the economy is continuing to recover..





Although trading desks will be more fully staffed next week, the pace of economic data will slow down. There are just 13 indicators scheduled for release next week, compared to the 20 this week. As shown in the calendar to the right, the week is pretty back-end loaded as ten of the thirteen indicators will be released on Thursday and Friday alone. Indicators of note include weekly jobless claims, Import Prices, PPI, and Retail Sales.

Economic Calendar: Week Of 9/13				
Date	Time	Release	Estimate	Last Reading
9/9	15:00	Consumer Credit (\$, bln)	12.3	12.8
9/10	7:30	NFIB Small Bus. Optimism	95.0	94.1
9/11	10:00	Wholesale Inventories	0.3	-0.2
9/12	8:30	Initial Claims ('000s)	330	323
9/12	8:30	Continuing Claims ('000s)	2976	2951
9/12	8:30	Import Price Index	0.5	0.2
9/13	8:30	PPI	0.2	0.0
9/13	8:30	Core PPI	0.1	0.1
9/13	8:30	Retail Sales	0.4	0.2
9/13	8:30	- Ex Autos	0.3	0.5
9/13	8:20	- Ex Autos and Gas	0.4	0.4
9/13	9:55	Michigan Confidence	82.1	82.1
9/13	10:00	Business inventories	0.3	0.0

Next week's Import Price report and PPI will give us some clues as to where things currently stand with respect to inflation. For both reports, analysts are expecting an acceleration in price increases from July's rates. One potential clue as to what those reports will show can be gleaned from the monthly commodities survey in each month's ISM Manufacturing report.

Each month, ISM asks respondents to list the commodities where they are seeing price increases and price decreases. In this month's survey respondents noted price increases in nine commodities and decreases in five for a net of positive four, which was unchanged from last month. The chart below shows the three-month moving average of the net number of commodities rising in price. As shown, this month the reading ticked up slightly to 2.7 from 1.3, but this is still well below the recent highs of 10.7 that we saw back in February. That coupled with the sharp decline in the ISM Services Prices Paid index suggests that official measures of inflation will remain well contained.

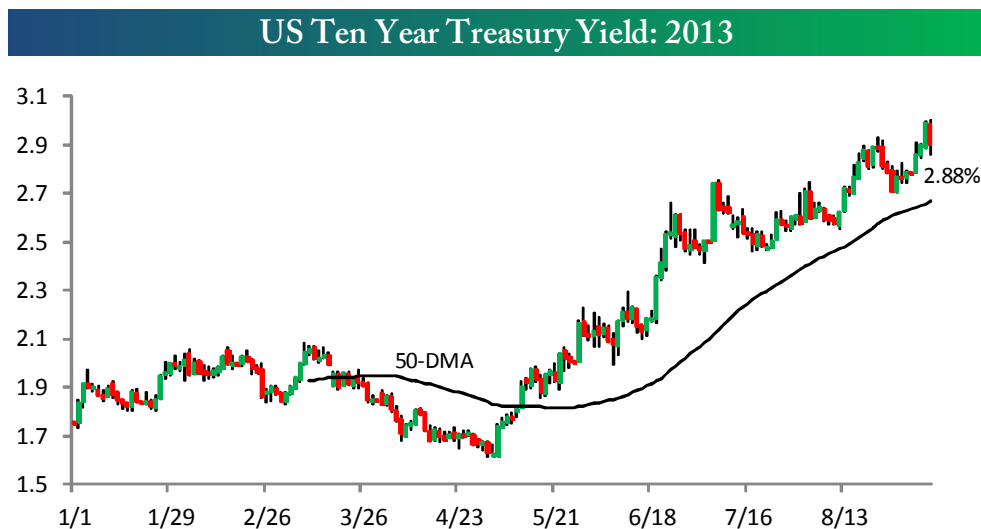
ISM Manufacturing Net Commodities Up in Price (3 Month Avg): 1999 - 2013





One asset class that wasn't helped by this week's positive economic data was fixed income. Following a strong week of economic data through Thursday, the climb in interest rates continued as the yield on the 10-year US Treasury hit 3% for the first time since July 2011. Friday's weaker than expected Non Farm Payrolls report along with geo-political concerns over Syria caused a "flight to safety" trade that sent rates back down below 2.9% before rebounding and finishing the week at 2.93% - still right near multi-year highs.

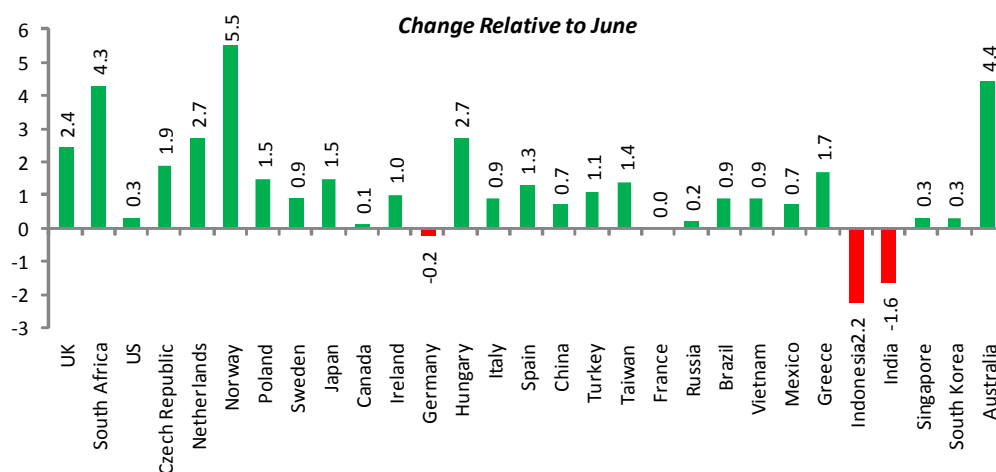
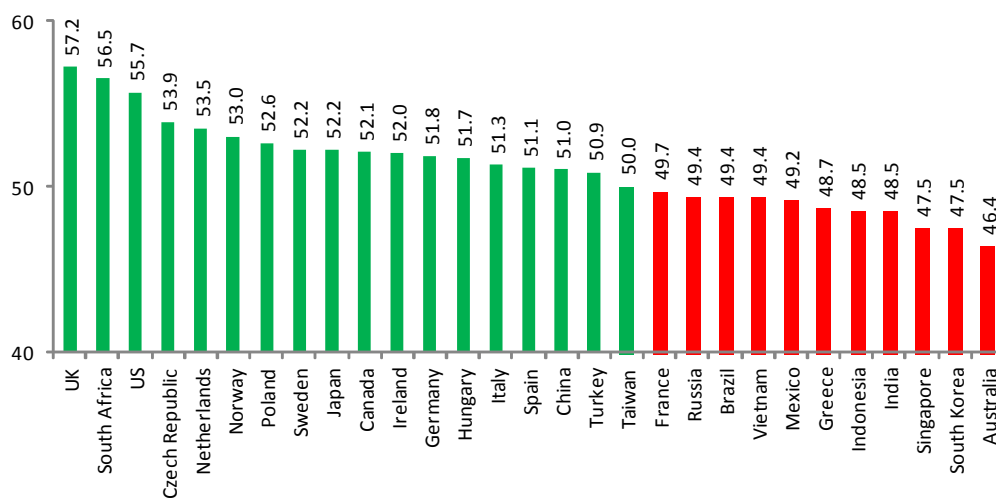
With all the debate over whether or not the Fed will announce a taper to its bond buying program at its meeting this month, the next question that investors ask is whether or not the taper is priced in. There seems to be a number of investors out there who believe that a taper is not priced into the market. Only time will tell whether or not this is the case, but when bonds sell off on positive economic data but equities hold up well (like they did on Thursday), we would argue that, if anything, equities have priced in the taper more than bonds. The majority of sell-offs in equities that we have seen over the last several days have been the result of events in Syria (like Friday morning) rather than strong economic data.





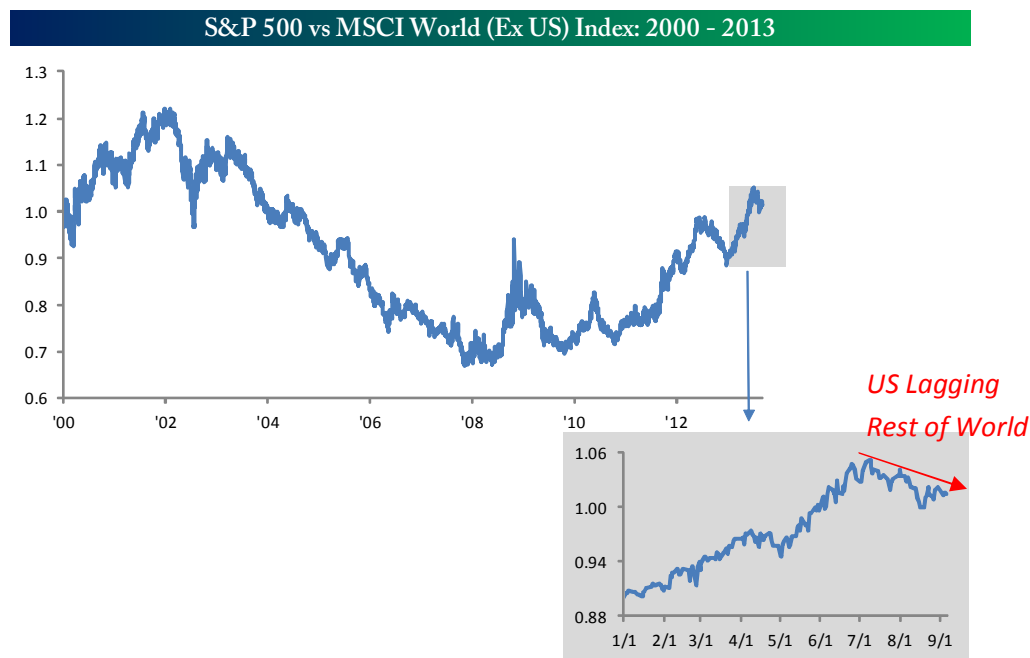
Outside of the United States, economic data was also positive this week. A case in point is the international Manufacturing PMIs for different countries. As shown in the charts below, the Manufacturing PMI's for all but three (Germany, Indonesia, and India) of the major economies we track showed increases in August and more than 60% of them are currently above 50, which is the threshold for growth. While there was economic improvement around the world last month, the US remains right near the top of the pack, trailing only the UK (57.2) and South Africa (55.7).

Manufacturing PMIs of Major Global Economies: August 2013





The improved economic picture in international economies has not gone unnoticed by investors. The chart below compares the relative strength of the US (S&P 500) versus the rest of the world (MSCI World Ex US). When the line is rising it indicates that the US is outperforming and vice versa. As shown in the larger chart, the US bottomed relative to the rest of the world in 2008 and has been trending higher ever since. Heading into 2013, the US kicked off the year outperforming and continued to do so through July. Since then, though, international markets have caught a bid and started outperforming the S&P 500.



Although we expect the recent outperformance of international markets to be more of a short-term move than a longer term shift, the trend has the potential to continue in the weeks ahead. Back in mid-August, we published a B.I.G. Tips report highlighting stocks that had a high percentage of international revenues that stood to benefit from this trend. Since the report was published, the average stock in the group is up 0.84%, outperforming the S&P 500 by over 200 bps. For those looking for ideas, this list would remain a good starting point.

Top Rated S&P 500 Stocks With 40%+ Int'l Exposure

Ticker	Name	Price (8/14)			Int'l Revenue (% of Total)
		8/14	Current	Change (%)	
WHR	Whirlpool	132.02	132.28	0.19	49
TEL	TE Connectivity	50.58	50.46	-0.24	68
HAL	Halliburton	46.68	49.84	6.76	45
BA	Boeing	104.48	106.70	2.12	50
AMAT	Applied Materials	15.75	15.60	-0.95	81
LRCX	Lam Research	48.49	49.48	2.05	88
PRU	Prudential Fin'l	80.17	78.10	-2.59	41
CELG	Celgene	138.24	147.54	6.73	41
PCLN	priceline.com	946.99	964.44	1.84	60
HAR	Harman Int'l	69.40	65.32	-5.88	81
MU	Micron Technology	14.94	15.22	1.87	84
CVX	Chevron	121.93	121.94	0.01	59
JNPR	Juniper Networks	21.21	20.98	-1.06	50
Average				0.84	
S&P 500				-1.31	



This week, we took a look at sentiment from the perspective of analysts and how sentiment has changed collectively so far this year. Below and on the on the following pages we provide an updated look at analyst ratings for S&P 500 stocks. In the S&P 500 alone, there are 11,732 analyst ratings, or an average of 23.5 ratings per stock. This is up 0.3 from the reading of 23.2 ratings per stock that we saw when we last ran our update in February.

Overall, 50.4% of ratings are Buy ratings, 43.2% are Hold ratings, and 6.5% are Sell ratings. Since the start of the year, Buy ratings have dropped by 1.5 percentage points, Hold ratings have increased by 0.9 percentage points, and Sell ratings have increased by 0.6 percentage points. So analysts have gotten more bearish as the stock market has risen significantly in 2013.

The Technology sector is the most widely covered by analysts at 29.1 ratings per stock, but Energy is not far behind in second at 29 ratings per stock. Utilities is the least covered sector at 18.5 ratings per stock.

Analysts are the most bullish on Energy by quite a bit with 61.2% Buy ratings and just 3.7% Sell ratings. Health Care has the second highest amount of Buy ratings at 55.3%. Analysts are least bullish on Consumer Staples (44.7% Buys), Financials (44.8%), Materials (46.1%), Telecom (42.6%) and Utilities (33.9%). The Materials sector has the highest amount of Sell ratings at 11.0%, while Utilities has the highest amount of Hold ratings at 57.7%.

Since the start of the year, analysts have increased Sell ratings the most on Materials, Telecom and Utilities. Not coincidentally, these are the three worst performing sectors year to date. Consumer Discretionary, Consumer Staples and Utilities have seen the smallest decrease in Buy ratings, while Financials, Health Care and Technology have seen the smallest increase in Sell ratings. The Financial sector has seen the biggest increase in Hold ratings.

S&P 500 Buy, Sell and Hold Ratings by Sector												
Sector	Avg. YTD % Chg	Total Buys	Total Sells	Total Holds	Total # of Ratings	Ratings Per Stock	% Buy Ratings	YTD Chg	% Sell Ratings	YTD Chg	% Hold Ratings	YTD Chg
Cons. Discret.	27.73	1071	113	853	2037	24.5	52.6%	-0.6%	5.5%	0.4%	41.9%	0.2%
Cons. Staples	18.71	344	69	357	770	19.3	44.7%	-0.6%	9.0%	0.7%	46.4%	-0.1%
Energy	16.58	764	46	439	1249	29.0	61.2%	-1.5%	3.7%	0.5%	35.1%	1.0%
Financials	21.77	833	145	881	1859	23.0	44.8%	-2.4%	7.8%	0.1%	47.4%	2.3%
Health Care	25.92	675	56	490	1221	22.6	55.3%	-1.8%	4.6%	0.3%	40.1%	1.5%
Industrials	16.94	648	68	523	1239	20.3	52.3%	-1.8%	5.5%	0.8%	42.2%	1.1%
Technology	21.15	1042	134	861	2037	29.1	51.2%	-0.9%	6.6%	0.0%	42.3%	0.9%
Materials	8.48	269	64	250	583	18.8	46.1%	-3.9%	11.0%	3.4%	42.9%	0.5%
Telecom	-1.05	69	16	77	162	27.0	42.6%	-1.8%	9.9%	1.6%	47.5%	0.2%
Utilities	5.89	195	48	332	575	18.5	33.9%	0.1%	8.3%	2.3%	57.7%	-2.3%
S&P 500	19.73	5910	759	5063	11732	23.5	50.4%	-1.5%	6.5%	0.6%	43.2%	0.9%



Moving on to individual S&P 500 stocks, below we have filtered the index to find stocks that are the most loved by analysts and also have high Bespoke Stock Scores, which ranks stocks based on fundamental, sentiment and technical measures. To make the list, the stock has to have at least ten analysts covering the stock.

The 16 stocks below have at least 66.7% Buy ratings and a Bespoke Stock Score that is greater than 70, which we consider a bullish threshold. Halliburton (HAL), Marathon Oil (MRO) and LyondellBasell Industries (LYB) are the three stocks on the list with the highest Bespoke Stock Score ratings, and they all have 80%+ Buy ratings as well. Other stocks on the list with a high percentage of Buy ratings include ThermoFisher (TMO), Fluor (FLR), Owens-Illinois (OI), Cardinal Health (CAH) and priceline.com (PCLN).

S&P 500 Top Rated Analyst Stocks

Stock	Company	Sector	Price	YTD % Chg	Bespoke			
					Stock Scores	% Buys	% Sells	% Holds
HAL	Halliburton Co	Energy	49.19	41.69	82.73	82.4%	5.9%	11.8%
MRO	Marathon Oil Corp	Energy	35.59	15.97	80.38	82.8%	0.0%	17.2%
LYB	LyondellBasell Industries	Materials	69.39	21.54	78.57	81.0%	0.0%	19.0%
AET	Aetna Inc	Health Care	64.28	38.83	75.29	66.7%	0.0%	33.3%
MET	MetLife Inc	Financials	48.48	47.15	75.10	79.2%	4.2%	16.7%
TMO	Thermo Fisher Scientific	Health Care	90.54	42.00	75.03	88.9%	0.0%	11.1%
PRU	Prudential Financial	Financials	78.27	46.84	74.94	76.0%	4.0%	20.0%
FLR	Fluor Corp	Industrials	64.12	9.19	74.06	86.4%	0.0%	13.6%
OI	Owens-Illinois Inc	Materials	29.32	37.96	73.06	85.7%	0.0%	14.3%
STT	State Street Corp	Financials	68.20	45.22	72.76	69.2%	7.7%	23.1%
ESRX	Express Scripts	Health Care	64.69	19.83	72.23	77.8%	3.7%	18.5%
CMCSA	Comcast Corp	Cons. Discret.	43.02	15.18	71.21	79.4%	2.9%	17.6%
KR	Kroger Co	Cons. Staples	37.50	44.10	70.83	68.4%	10.5%	21.1%
MCK	McKesson Corp	Health Care	123.01	26.91	70.65	68.4%	0.0%	31.6%
CAH	Cardinal Health Inc	Health Care	50.65	22.95	70.59	82.4%	0.0%	17.6%
PCLN	priceline.com Inc	Cons. Discret.	951.02	53.32	70.28	86.2%	3.4%	10.3%



For those interested in just analyst ratings (and not Bespoke Stock Scores), below is a list of all S&P 500 stocks that have 80%+ Buy ratings. Again, only stocks with 10 analyst ratings or more are included. As shown, just two stocks have 90%+ Buy ratings — PWR and AES. PWR is interesting because it has the highest percentage of Buy ratings but it is also one of the few stocks that is down year to date. TER, SPG and AMT are the only other names on the list that are in the red in 2013. The best performing stocks YTD on the list are Celgene (CELG), Gilead Sciences (GILD) and priceline.com (PCLN).

S&P 500 Top Rated Analyst Stocks

Stock	Company	Sector	Price	Bespoke		% Buys	% Sells	% Holds
				YTD % Chg	Stock Scores			
PWR	Quanta Services Inc	Industrials	26.00	-4.73	44.27	94.7%	0.0%	5.3%
AES	AES Corp	Utilities	12.71	18.83	64.07	90.0%	0.0%	10.0%
TMO	Thermo Fisher Scientific	Health Care	90.54	42.00	75.03	88.9%	0.0%	11.1%
IP	International Paper	Materials	47.92	20.33	65.10	88.9%	5.6%	5.6%
APC	Anadarko Petroleum	Energy	92.12	23.98	62.68	88.9%	0.0%	11.1%
CVS	CVS Caremark	Cons. Staples	58.70	21.41	52.64	88.5%	0.0%	11.5%
EMC	EMC Corp	Technology	26.16	3.52	54.48	88.4%	0.0%	11.6%
NRG	NRG Energy Inc	Utilities	26.14	13.66	44.44	88.2%	5.9%	5.9%
UNH	UnitedHealth Group	Health Care	73.20	35.01	67.65	88.0%	4.0%	8.0%
CELG	Celgene Corp	Health Care	145.52	85.64	63.13	87.1%	0.0%	12.9%
SLB	Schlumberger Ltd	Energy	83.45	20.36	61.73	86.8%	2.6%	10.5%
GILD	Gilead Sciences Inc	Health Care	61.16	66.71	64.91	86.7%	0.0%	13.3%
CTSH	Cognizant Technology	Technology	75.96	2.89	55.73	86.7%	0.0%	13.3%
FLR	Fluor Corp	Industrials	64.12	9.19	74.06	86.4%	0.0%	13.6%
DNR	Denbury Resources Inc	Energy	17.48	7.81	54.38	86.4%	0.0%	13.6%
PCLN	priceline.com Inc	Cons. Discret.	951.02	53.32	70.28	86.2%	3.4%	10.3%
CAM	Cameron International	Energy	57.99	2.62	50.86	86.2%	3.4%	10.3%
OI	Owens-Illinois Inc	Materials	29.32	37.96	73.06	85.7%	0.0%	14.3%
CNX	CONSOL Energy Inc	Energy	32.43	1.06	45.61	84.6%	7.7%	7.7%
EBAY	eBay Inc	Technology	51.65	1.20	54.52	84.4%	0.0%	15.6%
LRCX	Lam Research Corp	Technology	48.65	34.74	68.83	84.2%	0.0%	15.8%
PVH	PVH Corp	Cons. Discret.	130.85	17.88	68.49	84.2%	5.3%	10.5%
A	Agilent Technologies	Health Care	47.49	16.10	64.19	84.2%	0.0%	15.8%
PCP	Precision Castparts Corp	Industrials	217.65	14.91	44.56	84.0%	4.0%	12.0%
MRO	Marathon Oil Corp	Energy	35.59	15.97	80.38	82.8%	0.0%	17.2%
FOXA	Twenty-First Century	Cons. Discret.	32.05	42.42	45.93	82.8%	3.4%	13.8%
HAL	Halliburton Co	Energy	49.19	41.69	82.73	82.4%	5.9%	11.8%
CAH	Cardinal Health Inc	Health Care	50.65	22.95	70.59	82.4%	0.0%	17.6%
CRM	Salesforce.com Inc	Technology	49.10	16.67	32.21	82.2%	11.1%	6.7%
SLM	SLM Corp	Financials	24.18	40.92	61.68	81.8%	0.0%	18.2%
UTX	United Technologies	Industrials	103.14	25.81	56.55	81.5%	3.7%	14.8%
ACE	ACE Ltd	Financials	88.44	10.81	53.28	81.5%	0.0%	18.5%
TER	Teradyne Inc	Technology	15.81	-6.36	48.71	81.3%	0.0%	18.8%
LYB	LyondellBasell Industries	Materials	69.39	21.54	78.57	81.0%	0.0%	19.0%
MYL	Mylan Inc	Health Care	35.93	31.09	63.24	81.0%	4.8%	14.3%
DHR	Danaher Corp	Industrials	66.91	19.80	51.38	80.8%	0.0%	19.2%
SPG	Simon Property Group	Financials	145.38	-8.00	40.99	80.8%	0.0%	19.2%
SBUX	Starbucks Corp	Cons. Discret.	71.91	34.10	54.68	80.0%	3.3%	16.7%
ICE	IntercontinentalExchange	Financials	182.66	47.66	48.96	80.0%	5.0%	15.0%
AMT	American Tower Corp	Financials	69.44	-10.15	36.14	80.0%	4.0%	16.0%



Below are lists of the S&P 500 stocks that have seen the biggest increases in Buy and Sell ratings so far in 2013. Hormel (HRL) has seen by far the biggest increase in Buy ratings, rising 53.6 percentage points up to 63.6%. Best Buy (BBY) ranks second with an increase in Buy ratings of 41.1 percentage points.

CH Robinson (CHRW) has seen the biggest jump in Sell ratings at 22.6 percentage points, followed closely by Sysco (SYX), Comerica (CMA) and Kohl's (KSS). Contrarians may want to take a look at Newmont (NEM), which is down 32% YTD and has seen Sell ratings jump 16.7%.

S&P 500 Biggest Increases in Buy Ratings in 2013

Stock	Company	Sector	Price	YTD % Chg	% Buys	% Sells	% Holds	2013 Change		
								Buy	Sell	Hold
HRL	Hormel Foods Corp	Cons. Staples	41.85	34.17	63.6%	9.1%	27.3%	53.6%	-20.9%	-32.7%
BBY	Best Buy Co Inc	Cons. Discret.	37.48	216.20	48.3%	10.3%	41.4%	41.1%	-3.9%	-37.2%
DHI	DR Horton Inc	Cons. Discret.	17.89	-9.48	60.9%	4.3%	34.8%	27.5%	-8.2%	-19.4%
THC	Tenet Healthcare Corp	Health Care	39.29	21.07	59.1%	0.0%	40.9%	27.3%	0.0%	-27.3%
PRGO	Perrigo Co	Health Care	123.50	18.92	64.7%	0.0%	35.3%	27.2%	-12.5%	-14.7%
TAP	Molson Coors Brewing	Cons. Staples	49.16	14.89	36.4%	27.3%	36.4%	26.4%	7.3%	-33.6%
MAS	Masco Corp	Industrials	18.96	13.87	40.0%	15.0%	45.0%	24.2%	-0.8%	-23.4%
WY	Weyerhaeuser Co	Financials	27.21	-2.19	53.3%	20.0%	26.7%	23.9%	2.4%	-26.3%
VNO	Vornado Realty Trust	Financials	81.79	2.24	46.2%	0.0%	53.8%	23.1%	-7.7%	-15.4%
XRX	Xerox Corp	Technology	10.00	46.63	50.0%	14.3%	35.7%	22.7%	5.2%	-27.9%
AVP	Avon Products Inc	Cons. Staples	19.88	38.30	40.0%	6.7%	53.3%	22.4%	-5.1%	-17.3%
IP	International Paper	Materials	47.92	20.33	88.9%	5.6%	5.6%	22.2%	-1.1%	-21.1%
VZ	Verizon Communications	Telecom	46.92	8.35	57.1%	2.9%	40.0%	20.6%	-2.0%	-18.5%
ADSK	Autodesk Inc	Technology	37.25	5.37	45.0%	5.0%	50.0%	20.0%	-5.0%	-15.0%
ADT	ADT Corp	Industrials	39.29	-14.59	63.6%	0.0%	36.4%	19.2%	-11.1%	-8.1%
BEN	Franklin Resources Inc	Financials	46.93	11.93	61.9%	0.0%	38.1%	19.0%	-4.8%	-14.3%
GCI	Gannett Co Inc	Cons. Discret.	24.86	38.09	72.7%	9.1%	18.2%	18.9%	9.1%	-28.0%
EBAY	eBay Inc	Technology	51.65	1.20	84.4%	0.0%	15.6%	18.6%	0.0%	-18.6%
SRE	Sempra Energy	Utilities	83.30	17.32	64.7%	5.9%	29.4%	18.6%	-1.8%	-16.7%
EXPD	Expeditors Int'l	Industrials	41.90	6.07	56.5%	8.7%	34.8%	18.4%	3.9%	-22.4%

S&P 500 Biggest Increases in Sell Ratings in 2013

Stock	Company	Sector	Price	YTD % Chg	% Buys	% Sells	% Holds	2013 Change		
								Buy	Sell	Hold
CHRW	CH Robinson	Industrials	57.30	-9.30	22.6%	22.6%	54.8%	-12.9%	22.6%	-9.7%
SYX	Sysco Corp	Cons. Staples	32.15	1.55	8.3%	41.7%	50.0%	1.2%	20.2%	-21.4%
CMA	Comerica Inc	Financials	40.97	35.14	16.2%	32.4%	51.4%	-18.0%	19.3%	-1.3%
KSS	Kohl's Corp	Cons. Discret.	51.41	19.70	34.6%	19.2%	46.2%	-13.2%	19.2%	-6.0%
NEM	Newmont Mining Corp	Materials	31.26	-32.82	25.0%	25.0%	50.0%	-12.5%	16.7%	-4.2%
DE	Deere & Co	Industrials	84.70	-1.98	33.3%	25.0%	41.7%	-20.8%	16.7%	4.2%
LUV	Southwest Airlines Co	Industrials	12.99	26.86	47.4%	26.3%	26.3%	-2.6%	16.3%	-13.7%
KMB	Kimberly-Clark Corp	Cons. Staples	92.53	9.63	21.1%	15.8%	63.2%	-5.3%	15.8%	-10.5%
HRS	Harris Corp	Technology	58.05	18.50	15.4%	15.4%	69.2%	-6.0%	15.4%	-9.3%
ATI	Allegheny Technologies	Materials	26.71	-12.06	38.5%	15.4%	46.2%	-33.0%	15.4%	17.6%
ETR	Entergy Corp	Utilities	62.20	-2.44	21.1%	26.3%	52.6%	4.4%	15.2%	-19.6%
HCBK	Hudson City Bancorp Inc	Financials	9.32	14.64	9.1%	27.3%	63.6%	-9.7%	14.8%	-5.1%
ISRG	Intuitive Surgical Inc	Health Care	387.90	-20.90	47.6%	14.3%	38.1%	-11.2%	14.3%	-3.1%
PBCT	People's United Financial	Financials	14.39	18.98	17.6%	23.5%	58.8%	2.6%	13.5%	-16.2%
NLSN	Nielsen Holdings NV	Industrials	34.55	12.95	66.7%	13.3%	20.0%	2.0%	13.3%	-15.3%
FE	FirstEnergy Corp	Utilities	36.86	-11.83	9.1%	18.2%	72.7%	-10.9%	13.2%	-2.3%
LLL	L-3 Communications	Industrials	91.41	19.24	18.8%	18.8%	62.5%	7.0%	12.9%	-19.9%
XYL	Xylem Inc	Industrials	25.53	-5.68	20.0%	20.0%	60.0%	-37.1%	12.9%	24.3%
VTR	Ventas Inc	Financials	61.90	-4.32	31.3%	18.8%	50.0%	-8.8%	12.1%	-3.3%
SCHW	Charles Schwab	Financials	21.73	51.43	28.0%	28.0%	44.0%	0.0%	12.0%	-12.0%



Finally, below is a snapshot of how analysts view the 40 largest stocks in the S&P 500. Microsoft (MSFT) is probably the biggest standout on the list because it has seen Buy ratings drop by 31.8 percentage points this year. At the moment the stock has just 34.9% Buy ratings. Verizon (VZ) has seen the biggest increase in Buy ratings in 2013 with a jump of 20.6 percentage points. Citigroup and Disney are the two stocks on the list that have seen the second and third largest jumps in Buy ratings this year.

Of the 40 largest S&P 500 stocks, Schlumberger (SLB), Gilead (GILD) and United Tech (UTX) are the most loved by analysts, while Intel (INTC), Bank of America (BAC) and ConocoPhillips (COP) are the least loved.

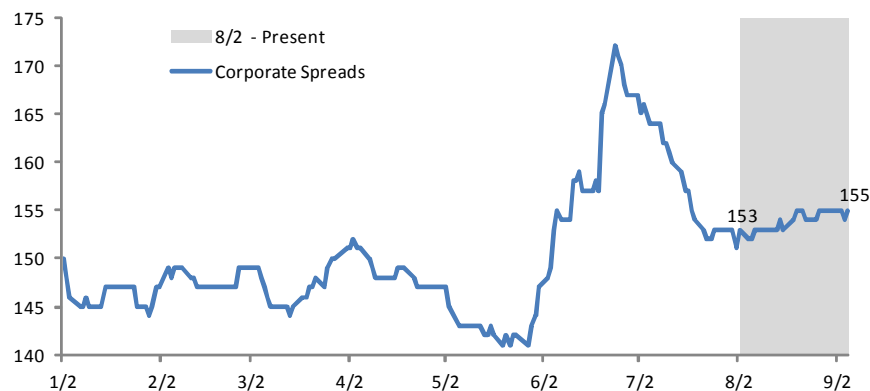
40 Largest S&P 500 Stocks: Analyst Ratings Analysis										
Stock	Company	Sector	Price	YTD % Chg	% Buys	% Sells	% Holds	2013 Change		
								Buy	Sell	Hold
AAPL	Apple Inc	Technology	498.96	-6.22	76.9%	6.2%	16.9%	-7.2%	1.4%	5.8%
XOM	Exxon Mobil Corp	Energy	87.83	1.43	28.6%	3.6%	67.9%	-17.6%	3.6%	14.0%
GOOG	Google Inc	Technology	870.15	23.17	70.8%	2.1%	27.1%	-6.4%	2.1%	4.4%
MSFT	Microsoft Corp	Technology	31.24	17.00	34.9%	4.7%	60.5%	-31.8%	4.7%	27.1%
JNJ	Johnson & Johnson	Health Care	86.82	23.86	53.8%	7.7%	38.5%	-6.2%	1.0%	5.1%
WMT	Wal-Mart Stores	Cons. Staples	73.08	7.13	44.1%	5.9%	50.0%	-4.4%	2.9%	1.5%
GE	General Electric Co	Industrials	23.13	10.24	63.6%	0.0%	36.4%	1.7%	0.0%	-1.7%
CVX	Chevron Corp	Energy	121.04	11.91	63.3%	0.0%	36.7%	-13.6%	0.0%	13.6%
WFC	Wells Fargo & Co	Financials	41.56	21.52	43.9%	4.9%	51.2%	-14.6%	2.4%	12.2%
PG	Procter & Gamble	Cons. Staples	77.67	14.46	51.7%	3.4%	44.8%	6.9%	-3.4%	-3.4%
IBM	Intl Business Machines	Technology	183.50	-4.22	43.3%	6.7%	50.0%	-5.2%	3.6%	1.5%
JPM	JPMorgan Chase	Financials	51.89	18.13	75.0%	5.0%	20.0%	6.0%	-4.5%	-1.4%
PFE	Pfizer Inc	Health Care	28.45	13.48	75.0%	8.3%	16.7%	-0.9%	4.9%	-4.0%
T	AT&T Inc	Telecom	33.65	-0.20	26.3%	7.9%	65.8%	-6.2%	-1.4%	7.6%
KO	Coca-Cola	Cons. Staples	38.62	6.58	57.7%	7.7%	34.6%	0.0%	3.8%	-3.8%
BAC	Bank of America	Financials	14.33	23.36	35.0%	15.0%	50.0%	0.9%	-2.1%	1.2%
C	Citigroup Inc	Financials	49.46	25.08	77.8%	11.1%	11.1%	8.3%	0.0%	-8.3%
ORCL	Oracle Corp	Technology	32.39	-2.79	69.6%	4.3%	26.1%	2.1%	4.3%	-6.5%
MRK	Merck & Co Inc	Health Care	47.79	16.76	65.2%	4.3%	30.4%	-5.2%	4.3%	0.8%
PM	Philip Morris Int'l	Cons. Staples	84.20	0.61	66.7%	4.8%	28.6%	7.6%	-4.3%	-3.2%
AMZN	Amazon.com Inc	Cons. Discret.	293.99	17.26	71.1%	2.2%	26.7%	4.4%	-2.5%	-1.9%
VZ	Verizon Commun.	Telecom	46.92	8.35	57.1%	2.9%	40.0%	20.6%	-2.0%	-18.5%
CSCO	Cisco Systems Inc	Technology	23.86	21.35	69.6%	4.3%	26.1%	5.6%	0.3%	-5.9%
PEP	PepsiCo Inc	Cons. Staples	79.35	15.98	66.7%	0.0%	33.3%	1.4%	0.0%	-1.4%
QCOM	QUALCOMM Inc	Technology	67.27	8.79	79.6%	4.1%	16.3%	-7.9%	-0.1%	8.0%
V	Visa Inc	Technology	176.73	16.50	63.4%	0.0%	36.6%	-10.9%	-2.6%	13.5%
INTC	Intel Corp	Technology	22.67	10.00	37.3%	15.7%	47.1%	3.9%	3.9%	-7.8%
CMCSA	Comcast Corp	Cons. Discret.	43.02	15.18	79.4%	2.9%	17.6%	2.9%	2.9%	-5.9%
SLB	Schlumberger	Energy	83.45	20.36	86.8%	2.6%	10.5%	-2.6%	2.6%	0.0%
DIS	Walt Disney	Cons. Discret.	61.04	22.58	70.6%	2.9%	26.5%	8.1%	-0.2%	-7.9%
HD	Home Depot	Cons. Discret.	74.26	20.07	53.6%	3.6%	42.9%	3.6%	-3.1%	-0.5%
MCD	McDonald's Corp	Cons. Discret.	95.22	7.89	45.2%	0.0%	54.8%	-12.4%	0.0%	12.4%
UTX	United Technologies	Industrials	103.14	25.81	81.5%	3.7%	14.8%	5.5%	-0.3%	-5.2%
GILD	Gilead Sciences	Health Care	61.16	66.71	86.7%	0.0%	13.3%	6.0%	0.0%	-6.0%
AMGN	Amgen Inc	Health Care	112.77	30.95	51.6%	3.2%	45.2%	1.6%	0.1%	-1.7%
COP	ConocoPhillips	Energy	67.96	17.12	46.2%	15.4%	38.5%	0.3%	-1.3%	1.0%
UPS	United Parcel Service	Industrials	86.58	17.51	46.9%	0.0%	53.1%	-3.1%	-3.6%	6.7%
BA	Boeing	Industrials	106.70	41.64	79.3%	0.0%	20.7%	-7.4%	-3.3%	10.7%
AXP	American Express	Financials	73.03	27.12	30.3%	12.1%	57.6%	-13.4%	2.7%	10.7%
MMM	3M Co	Industrials	114.73	23.62	45.5%	4.5%	50.0%	0.5%	4.5%	-5.0%



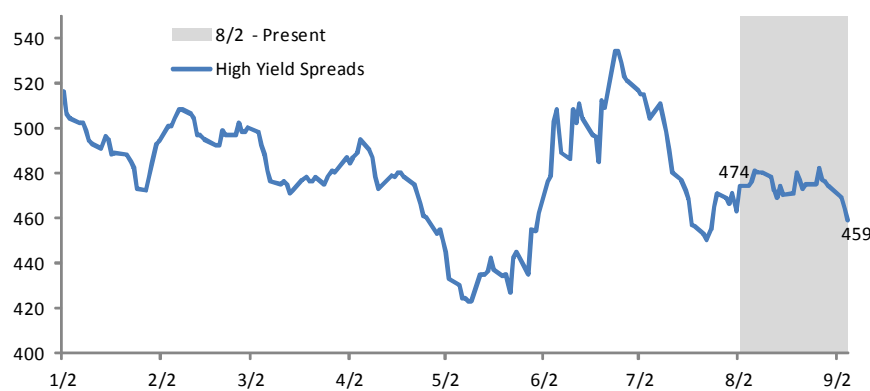
In last week's report, we highlighted the fact that our Bank and Broker CDS Index had barely widened even as the S&P 500 Financial sector declined by about 6%. This was a signal that the credit markets didn't think there was nearly as much to be worried about regarding the macro landscape as the equity market. This week, we took a look at sentiment in the credit markets based on corporate and high yield spreads. The charts below show corporate and high yield spreads relative to Treasuries. In each chart, wider spreads indicate that credit investors are becoming more risk averse, while lower spreads indicate a higher appetite for risk.

As shown in the charts below, credit investors have hardly become more risk averse since the equity market peaked on 8/2 (shaded areas). In the case of corporate bonds, spreads have only widened by 2 bps from 153 bps to 155 bps. In the high yield market, spreads have actually narrowed from 474 bps to 459 bps. In other words, appetite for risk in the high yield market has actually increased. Like the analysis we summarized with our Bank and Broker CDS Index last week, trends in the credit markets continue to suggest that investors in that space are not becoming more cautious.

BoA Merrill Lynch Corporate Bond Master Index: 2013



BoA Merrill Lynch High Yield Master Index: 2013

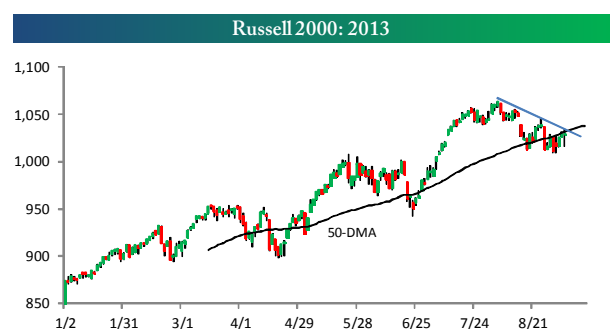
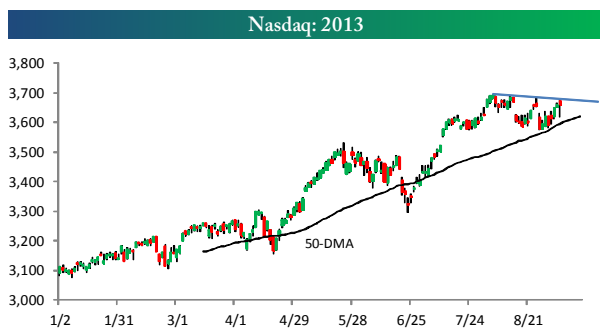
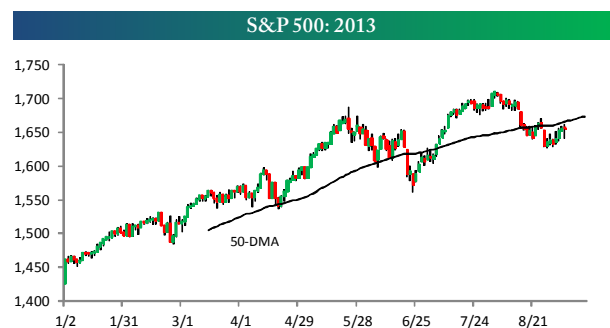
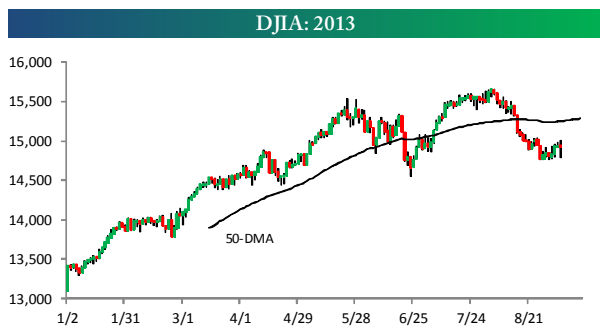




With a gain of 1.4% this week, bulls were certainly able to breath a sign of relief after the rough month of August. After a shaky start in the morning, the major averages rebounded and all traded into positive territory in the afternoon. With fears continuing to fester over Syria, and the potential for headline risk over the weekend, the gains were just too tempting for many bulls (at least those who were working) to pass up. By the end of the day the DJIA finished marginally lower, while the S&P 500, Nasdaq, and Russell 2000 all finished with minimal gains.

In spite of the gains, though, the major averages still have some work to do before the coast is clear. For starters, both the DJIA and S&P 500 remain below their 50-day moving averages. The Russell 2000 traded above that level for much of the afternoon but couldn't hold that level by the time the closing bell rang. The Nasdaq is the lone index below that remains above its 50-day moving average, but it along with the Russell 2000 has formed a downtrend of lower highs since it peaked in early August. Until these 50-days and downtrends can be broken to the upside, investors should tread carefully. As we noted in yesterday's *Sector Snapshots*, the market is beginning to come to grips with better than expected economic data. Now, until the same can be said about headlines from Syria, keep tight stops in place.

Have a great weekend!





Bespoke Model Portfolio: 9/6/13

Stock	Company	Current Price	Portfolio Weight (%)	Entry Price	Stop Price	Date Added	% Change
Consumer Discret.			25.7				
CMLS	Cumulus Media	5.26	7.2	3.61	3.05	6/7/13	45.7
MOVE	Move Inc.	14.48	5.4	14.40	11.90	8/12/13	0.6
NFLX	Netflix	291.54	6.1	256.10	198.90	8/12/13	13.8
VFC	VF Corp	191.26	6.9	118.65	183.00	9/8/11	61.2
Consumer Staples			4.5				
DPS	DrPepper/Snapple	44.47	4.5	44.76	44.20	9/5/12	-0.6
Energy			4.9				
XOM	Exxon Mobil	87.25	4.9	73.87	84.90	9/8/11	18.1
Financials			12.3				
OCN	Ocwen Finl	54.49	7.0	36.00	39.00	11/29/12	51.4
RJF	Raymond James	42.42	5.3	32.80	39.20	1/17/12	29.3
Health Care			5.6				
UTHR	United Therap.	73.67	5.6	64.84	57.05	6/7/13	13.6
Industrials			17.7				
CTAS	Cintas	48.61	6.8	30.51	43.90	12/6/11	59.3
GE	General Electric	23.16	5.6	16.41	20.90	8/5/10	41.1
GNRC	Generac	39.69	5.4	34.21	30.75	3/1/13	16.0
Materials			5.3				
PPG	PPG Industries	159.25	5.3	160.79	143.90	8/12/13	-1.0
Technology			10.4				
GOOG	Google	879.58	5.3	864.64	838.00	6/7/13	1.7
P	Pandora	19.51	5.1	19.91	15.70	8/12/13	-2.0
Telecom Services			0.0				
Utilities			0.0				
ETFs			0.0				
Cash			13.7				

Performance (%):

	Since Inception¹	YTD	 = Recently Added
S&P 500	9.0	16.0	 = Changed Stop Price
Model Portfolio	33.1	17.7	
vs. S&P 500	24.1	1.6	

¹ Bespoke's Model Portfolio began with an initial value of \$100,000 on 5/29/07.



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