YOUR FINANCIAL FUTURE

Your Guide to Life Planning

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In This Issue

The temptation to sell is always highest when the market drops the furthest.

Ten Investment Mistakes to Avoid

Who needs a pyramid scheme or a crooked money manager when you can lose money in the stock market all by yourself. If you want to help curb your loss potential, avoid these 10 strategies.

1. **Go with the herd.** If everyone else is buying it, it must be good, right? Wrong. Investors tend to do what everyone else is doing and are overly optimistic when the market goes up and overly pessimistic when the market goes down. For instance, in 2008, the largest monthly outflow of U.S. domestic equity funds occurred after the market had fallen over 25% from its peak. And in 2011, the only time net inflows were recorded was before the market slid over 10%.[1]
2. **Put all of your bets on one high-flying stock.** If only you had invested all your money in Apple 10 years ago, you'd be a millionaire today. Perhaps, but what if, instead, you had invested in Enron, Conseco, CIT, WorldCom, Washington Mutual, or Lehman Brothers? All were high flyers at one point, yet all have since filed for bankruptcy, making them perfect candidates for the downwardly mobile investor.
3. **Buy when the market is up.** If the market is on a tear, how can you lose? Just ask the hordes of investors who flocked to stocks in 1999 and early 2000 -- and then lost their shirts in the ensuing bear market.
4. **Sell when the market is down.** The temptation to sell is always highest when the market drops the furthest. And it's what many inexperienced investors tend to do, locking in losses and precluding future recoveries.
5. **Stay on the sidelines until markets calm down.** Since markets almost never "calm down," this is the perfect rationale to never get in. In today's world, that means settling for a miniscule return that may not even keep pace with inflation.
6. **Buy on tips from friends.** Who needs professional advice when your new buddy from the gym can give you some great tips? If his stock suggestions are as good as his abs workout tips, you can't go wrong.
7. **Rely on the pundits for advice.** With all the experts out there crowding the airwaves with their recommendations, why not take their advice? But which advice should you follow? Cramer may say buy, while Buffett says sell. And remember that what pundits sell best is themselves.
8. **Go with your gut.** Fundamental research may be OK for the pros, but it's much easier to buy or sell based on what your gut tells you. Had problems with your laptop lately? Maybe you should sell that IBM stock. When it comes to hunches, irrationality rules.
9. **React frequently to market volatility.** Responding to the market's daily ups and downs is a surefire way to lock in losses. Even professional traders have a poor track record of guessing the market's bigger shifts, let alone daily fluctuations.
10. **Set it and forget it.** Ignoring your portfolio until you're ready to cash it in gives it the perfect opportunity to go completely out of balance, with past winners dominating. It also makes for a major misalignment of original investing goals and shifting life-stage priorities.

[1]*Sources: ICI; Standard & Poor's. The stock market is represented by the S&P 500, an unmanaged index considered representative of large-cap U.S. stocks. These hypothetical examples are for illustrative purposes only, and are not intended as investment advice.*

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Bond Market Perspectives | Week of March 13, 2017

Highlights

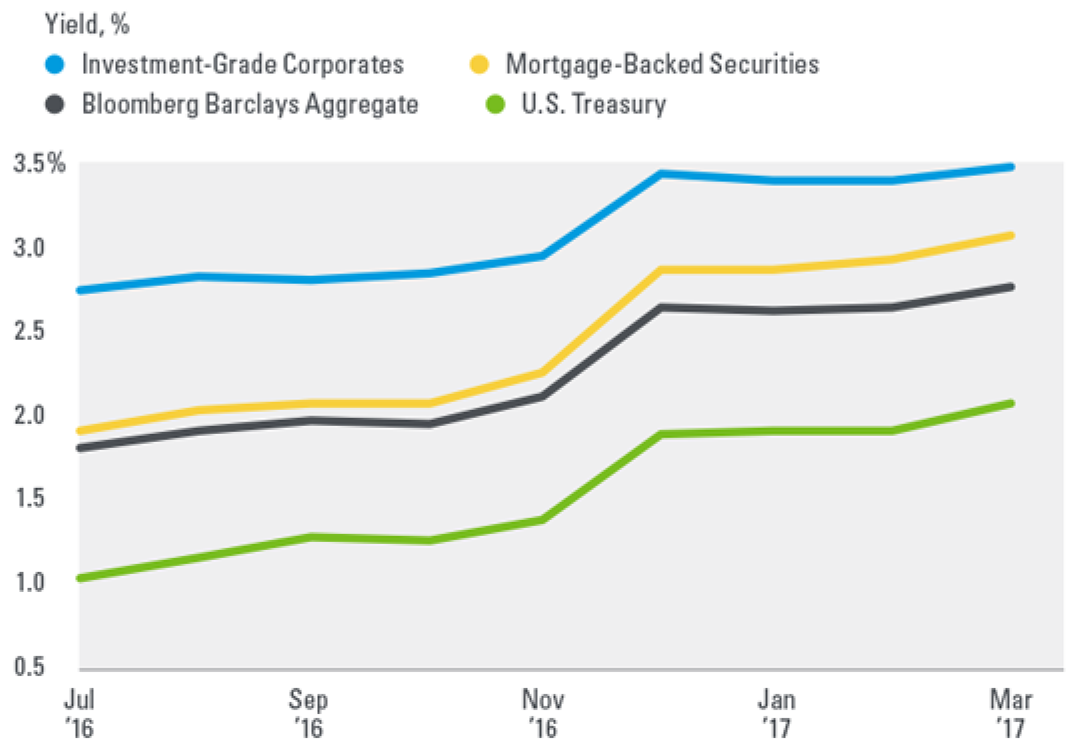
- High-quality bonds have cheapened from their low yields in July 2016, offering higher yields in most sectors.
- With interest rates on the rise, short-term bonds may represent a better risk/reward relationship for defensive portfolio positioning.
- Scenario analysis shows that if rates rise, short-term bonds may outperform intermediate maturities.

Finally, Higher Yields in Shorter Maturities

With shorter-maturity yields increasing as of late, the front end of the yield curve (shorter-maturity fixed income) may be offering an enticing relationship between risk and reward, and a potential place for investors to play defense. We've heard the adage before that the best defense is a good offense. But with interest rates on the rise, perhaps a good defense would trump a good offense. For the second time in three months, the Federal Reserve (Fed) is poised to raise interest rates (see our recent *Weekly Economic Commentary*). This has set a negative tone in fixed income markets and left investors wondering if bond prices have bottomed, or if more losses are still to come. Sector selection and yield curve allocation decisions are difficult decisions in rising rate environments, but with scenario analysis, we can begin to determine how portfolios may perform in this challenging market.

The Bloomberg Barclays Aggregate Bond Index, the most widely used high-quality bond benchmark, serves as a good example of the price weakness that has surfaced in fixed income. The index, which is mostly comprised of Treasury bonds, securitized mortgage-backed securities, and investment-grade corporates, saw yields rise from a low of 1.82% in July 2016, to a high of 2.78% recently [Figure 1]. Cheaper prices, coupled with shorter-maturity yields adjusting more dramatically to the Fed rate hikes, present investors with an opportunity to reduce interest rate sensitivity, while not sacrificing a lot of yield, thus playing defense in this volatile market.

1 HIGH-QUALITY FIXED INCOME PRICES HAVE CHEAPENED (YIELDS INCREASED) SINCE JULY 2016



Source: LPL Research, Bloomberg 03/10/17

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency). It is an unmanaged index and cannot be invested into directly. Past performance is no guarantee of future results.

With the focus on Fed rate hikes, and inflation gradually moving higher, conditions have favored risk assets (such as stocks) and been a headwind for fixed income assets since early November, because there is an inverse relationship between bond prices and interest rates. As a result, bonds have been getting cheaper relative to stocks, increasing their attractiveness. For example, the U.S. Treasury 10-year bond yield is now at 2.58%, more than 1.2% higher than its 1.36% low yield last July. This is 65 basis points (0.65%) higher than the estimated S&P 500 dividend yield (2.58% vs. 1.93%), making the 10-year Treasury cheaper than stocks using this metric. The last time this occurred was September 2014 and bond investors who took advantage of the cheaper prices were rewarded as the 10-year Treasury note rallied substantially, with the yield moving from 2.60% to 1.60% over a four-month period (September 17, 2014 to January 30, 2015), during which time the Bloomberg Barclays Aggregate returned 4.3%. Besides the 10-year Treasury bond, other high-quality sectors have cheapened enough to warrant a second look. Up-in-quality bonds like municipals, investment-grade corporates, and mortgage-backed bonds are much cheaper now than last year.

TAKE WHAT THE YIELD CURVE GIVES

Plotting the yields of various maturity bonds generates the "yield curve" [Figure 2]. The yield curve is considered steep when the line is upward sloping, with longer yields substantially higher. A flat curve occurs when shorter maturities are closer in yield to longer ones, causing little incentive for investors to buy longer-maturity bonds. As Figure 2 reveals, the yield curve is steep out to 10 years, but flattens from 10 to 30 years. The higher yields in shorter maturities make the decision on where to invest on the curve a less difficult one. Investors need not venture out into the most volatile part of the curve (past 20 years) in order to gain more potential return. The longer maturities do not offer enough compensation to take on the additional interest rate risk. Why invest in 30 years at 3.19%, when the 10-year part of the curve is offering 2.61%? The same type of analysis can be made when focusing on five years relative to 10 years. At a 2.14% yield, the five year is at its cheapest level since 2011, and investors only sacrifice 0.47% of yield by staying shorter, relative to the 10-year maturity. Our baseline scenario for the Treasury curve is for higher interest rates without a big flattening move. In this scenario, investors can take what the curve is giving by targeting shorter-duration bonds in the 5-10 year part of the curve. Shorter maturities can also be used for liquidity if the market becomes volatile. Owning a 10-year bond is a lot less risky than a similar quality 30-year bond if interest rates continue to rise.

Click here for Figure 2: 5- to 30-year Maturities Offer Yields Above 2%

LET SCENARIO ANALYSIS DECIDE

It is difficult to determine yield curve positioning without a firm opinion on the direction of interest rates. One way to begin to formulate this opinion is to focus on hypothetical return scenarios. By comparing a short-term bond profile versus an intermediate-term profile and stress testing them for interest rate changes, we can see which maturity could potentially perform best [Figure 3]. Our analysis compares total returns for the Bloomberg Barclays 1-3 Year Government Bond Index (shorter-term index comprised of government and corporate bonds) against the Bloomberg Barclays Aggregate Index (intermediate-term index). The analysis demonstrates that when interest rates rise by 0.25%, the short-term index outperforms the longer intermediate index by 0.05%. This advantage increases as interest rates rise.

Click here for Figure 3: Scenario Analysis: Short-term Vs. Intermediate Bonds

Note that if the opposite occurs and interest rates decline, the scenario analysis clearly favors intermediate bonds. If interest rates remain stable or even fall by 0.25%, then intermediate bonds outperform short-term bonds by 1.0% in an unchanged scenario and 2.05% in the lower-rate environment. Considering that the Fed is telegraphing at least two additional rate hikes this year, lower rates are less probable and prices have come down on short-term bonds, so investors can play it relatively safe in more liquid, short-term bonds without sacrificing much yield.

CONCLUSION

We expect the roller coaster ride in fixed income may continue throughout 2017. Prices have cheapened and the front end of the yield curve has adjusted to the increased volatility driven by the Fed rate hikes and now offers considerable risk/reward benefits. As such, we continue to favor more defensive fixed income curve positioning in the 5- to 10-year part of the curve with neutral- to short-benchmark interest rate sensitivity. Within high-quality fixed income, a diversified allocation to various sectors, including investment-grade corporates and mortgage-backed securities, remains our preferred approach for riding out the volatility of rising interest rates.

DEFINITIONS

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency).

Bloomberg Barclays 1-3 Year Government Bond Index is a market value-weighted performance benchmark of investment grade government and corporate bonds with maturities of one to three years. An investment cannot be made directly in an index.

The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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Weekly Market Commentary | Week of March 13, 2017

HIGHLIGHTS

- The bull market celebrated its eighth birthday last week on Thursday, March 9, 2017. During that eight-year period, the S&P 500 Index tripled in value including dividends.
- Although valuations are rich and policy risks are high, none of our favorite leading indicators are sending signals suggesting the bull market is nearing its end.
- We would not be surprised if the bull celebrates its ninth birthday one year from now.

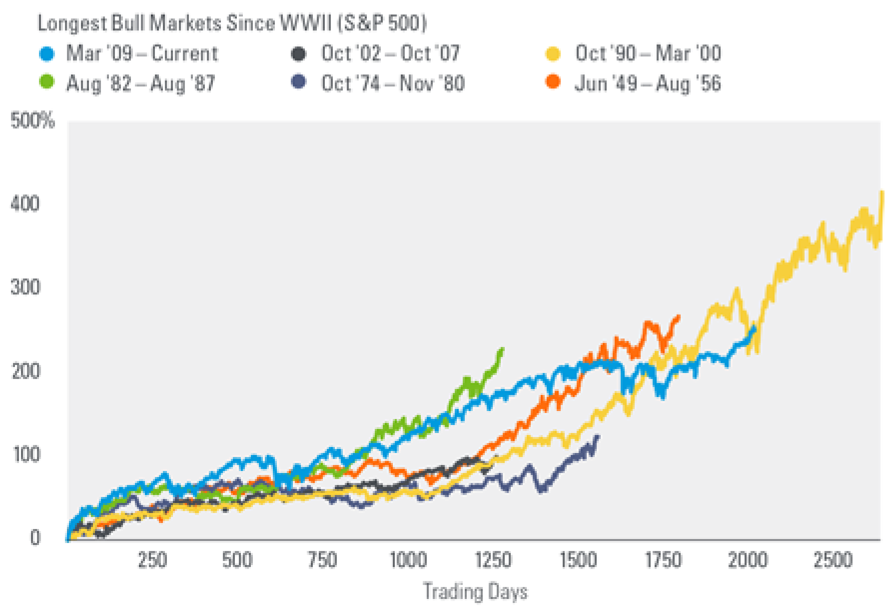
HOW MUCH IS LEFT IN THE TANK?

Last Thursday, March 9, 2017, the bull market celebrated its eighth birthday. During that eight-year period, the S&P 500 Index tripled in value including dividends, producing a total return of 314% (19.2% annualized) while rising 250% in price. So how much might the current bull have left in the tank? Given we are not seeing the warning signs that have historically signaled the ends of past bull markets, we would not be surprised if the current bull market celebrates its ninth birthday one year from now. This week, we look at some of our favorite bull market indicators.

HISTORICAL PERSPECTIVE

On March 9, 2009, the S&P 500 closed at 676.53, which was the low close for the worst bear market in stocks since the Great Depression. No one would have ever believed it possible at the time, but at 97 months old, the current bull market now ranks as the second-longest since World War II, although both the 1950 and 1990s bull markets saw larger percentage gains **[Figure 1]**. And though it may feel like this bull has been a straight line up, remember the S&P 500 did nothing during calendar years 2011 and 2015 and suffered through corrections of 19% and 14% in those two years, respectively.

1 THE 1990s BULL STILL HAD PLENTY LEFT IN THE TANK



Source: LPL Research, FactSet 03/08/17

All indexes are unmanaged and cannot be invested into directly. Past performance is not indicative of future results.

The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

It is notable that at the same stage of the 1990s bull market, the S&P 500 was up 255%--comparable to the current bull, which is up 250%, before powering to a 417% gain at its peak about 18 months later. We certainly aren't calling for that, but simply pointing out that just because the bull market is old does not mean the gains are behind us.

SECTOR LEADERSHIP

Not surprisingly, economically sensitive sectors have led this bull market. Consumer discretionary has led the way with a 448% advance (522% total return), more than 200% above the S&P 500 and well ahead of financials' 390% gain (466% total return) **[Figure 2]**. While financials had the sharpest drop during the financial crisis and surged from the spring 2009 lows through the end of that year, the sector began to lose relative strength in 2010 because of low interest rates and regulatory pressures. Meanwhile, consumer discretionary benefited from the rebound in consumer spending and wealth, which helped enable faster than expected consumer balance sheet repair, the dramatic auto recovery, and the e-commerce boom, producing steady market-beating gains from 2009-2015 before lagging in 2016.

2 CONSUMER DISCRETIONARY TOPS BULL MARKET SECTOR LEADERBOARD

S&P 500 GICS Sectors Ranked by Performance from Start of Bull Market on 03/09/09 through 03/09/17

Sector	Bull Market Gain (%)
Consumer Discretionary	448
Financials	390
Industrials	322
Technology	347
Real Estate	327
S&P 500	**250**
Healthcare	245
Materials	199
Consumer Staples	181
Utilities	124
Telecom	92
Energy	64

Source: LPL Research, FactSet 03/10/17

Data represents price returns for S&P 500 GICS sectors for periods ending March 9, 2017.

Indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Because of its narrow focus, investing in a single sector, such as energy or manufacturing, will be subject to greater volatility than investing more broadly across many sectors and companies.

Looking ahead, we believe the best consumer discretionary performance of this bull market is most likely behind the sector, which tends to see better returns earlier in economic cycles. We like financials, which have historically been better mid-to-late cycle performers, and are getting some interest rate and regulatory relief.

Those looking for mean reversion opportunities may want to take a look at energy, the worst performer of the bull market with just a 64% gain (99% total return). Better supply-demand balance and regulatory relief position the sector for potentially better returns after flat performance since the end of 2010.

INDEX OF LEADING ECONOMIC INDICATORS

Turning to our favorite leading indicators to gauge the bull's health, the Conference Board's Leading Economic Index (LEI) has historically provided early warnings of recession and the start of bear markets; specifically, when the year-over-year change has turned from positive to negative, a recession has typically followed within the next 14 months with an average lead time of six months. The latest reading for January 2017 rose 2.5%, signaling a very low probability that a recession will cause a bear market in the next year **[Figure 3]**. The February 2017 reading is due out this Friday, March 17, 2017.

3 THE LEI HAS PROVIDED EARLY WARNINGS OF RECESSION

Source: LPL Research, FactSet 03/10/17

Performance is historical and no guarantee of future results.

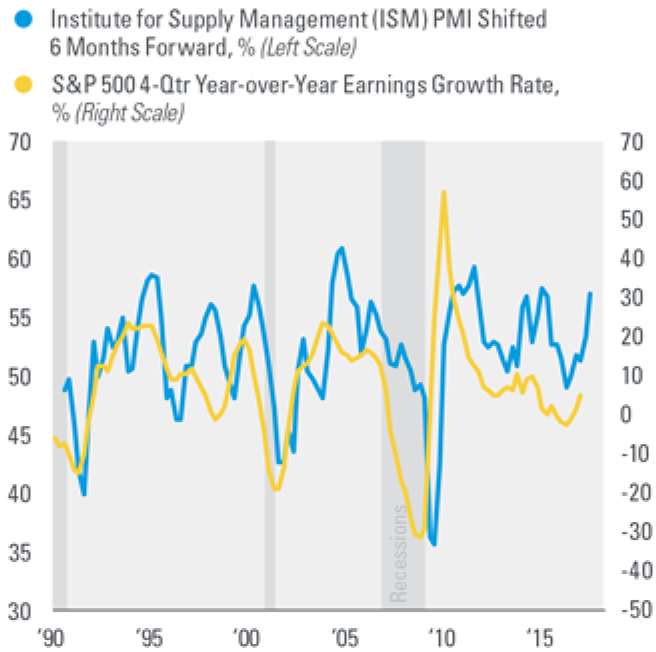
The Conference Board Leading Economic Index (LEI) is a measure of economic variables, such as private sector wages, that tends to show the direction of future economic activity.

The LEI, which gives a good snapshot of the overall health of the economy, is an aggregate of 10 diverse economic indicators that have historically tended to lead changes in the level of economic activity, including data on employment, manufacturing, housing, bond yields, the stock market, consumer expectations, and housing permits.

GOOD NEWS FROM ISM

Earnings are the most fundamental driver of the stock market, and the Institute for Supply Management (ISM) Manufacturing Index has historically been a good earnings indicator, with roughly a six-month lead time **[Figure 4]**. Currently, this indicator suggests continued earnings growth, with the latest reading (February 2017) coming in at 57.7 (above 50 indicates expansion).

4 ISM IS A POSITIVE SIGNAL FOR SOLID EARNINGS AHEAD



Source: LPL Research, FactSet 03/10/17

Performance is historical and no guarantee of future results.
Indexes are unmanaged and cannot be invested in directly.

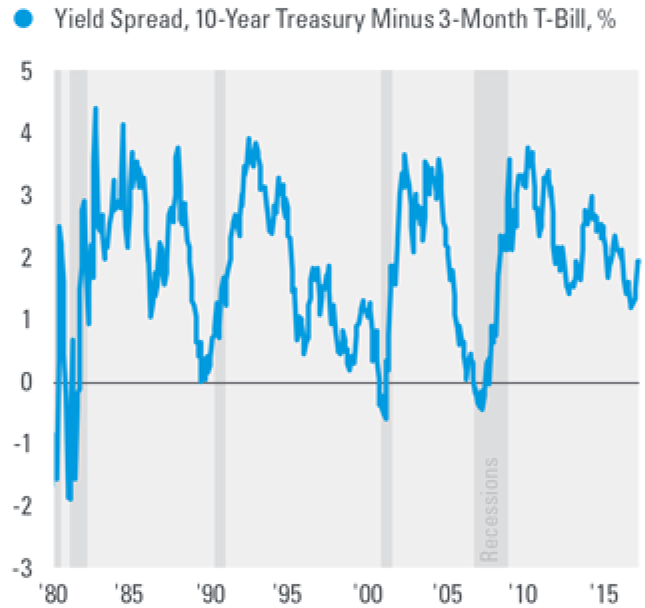
The ISM is an association of purchasing and supply management professionals who are surveyed each month to assess their future plans; the results of the survey are then used to create an index. Because purchasing managers are on the front line of the manufacturing supply chain, they can provide signals ahead of economic turning points.

YIELD CURVE STILL OKAY

The yield curve has historically been a good signal of the impending end of bull markets; specifically, when the Fed pushes short-term rates above long-term rates, referred to as "inverting the yield curve." In fact, all seven recessions over the past 50 years were preceded by the Fed hiking rates enough to invert the yield curve, by roughly 0.5%. With the 3-month Treasury and 10-year Treasury yielding 0.73% and 2.57%, respectively, the Fed must push up short-term rates by more than 2%, or eight hikes of 25 basis points, to invert the yield curve assuming no change in the 10-year Treasury yield that is influenced little by the Fed. Although we are almost certainly going to get a rate hike this week (more on that in this week's *Weekly Economic Commentary*), and potentially two more in 2017, the Fed is unlikely to push its target rate above 3% for at least two more years and possibly longer, suggesting this indicator may not provide a worrisome signal for a while.

We do acknowledge that the Fed's ultra-easy monetary policy may make the yield curve a less reliable signal; but even using 2-year or 5-year Treasury yields, which are not impacted as much by Fed policy as 3-month yields, produces a fairly steep curve and sizable cushion before inversion **[Figure 5]**.

5 YIELD CURVE FAR FROM INVERSION



Source: LPL Research, FactSet 03/10/17

Performance is historical and no guarantee of future results.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the 3-month, 2-year, 5-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

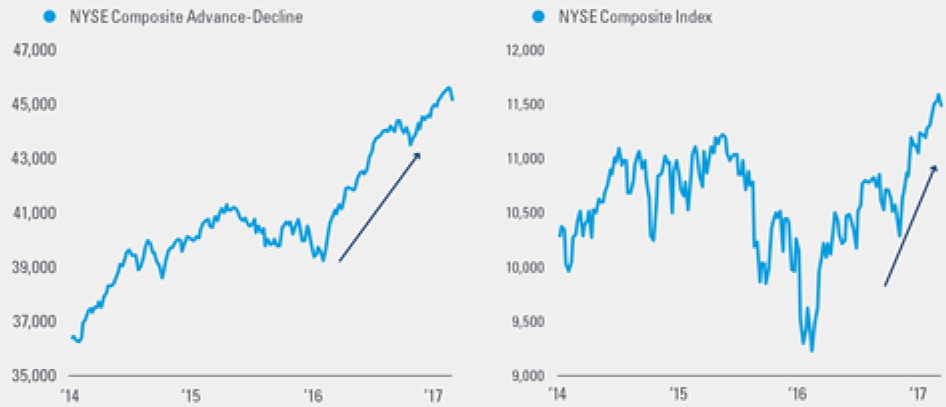
Fed rate hikes can provide a useful gauge of how long the current business cycle, and therefore bull market, might last. If we look at the last 60 years of Fed rate hike cycles, the U.S. economic expansion has lasted on average 47 months after the first Fed rate hike. Recall the first hike of this cycle came in December 2015, suggesting that late 2019 would be the average time to recession. However, expansions continued for 80 months (nearly seven years) after the Fed started to hike in 1983 and 1994. We are not suggesting a recession cannot occur for seven more years, but where we are in the Fed rate hike cycle suggests this bull could run a while longer.

STRONG BULL MARKET PARTICIPATION

Market breadth, which we measure by the number of stocks advancing versus declining, gives us a sense of how broad and durable a rally may be. If breadth begins to decline and diverge from the rise in the NYSE Composite Index, for example, and is followed by a decline in the index as it begins to succumb to the dwindling number of stocks in the index that are still rising, the likelihood of a market downturn increases (we use the NYSE Composite because of its many constituents). The late 1990s are a great example, when technology was the only thing holding up the market before eventually the weak technical underpinnings led to a bear market decline.

The NYSE Composite Advance/Decline (AD) line broke out to a new all-time high in April 2016 **[Figure 6]**, nearly three months ahead of the new high in the S&P 500 on July 2016. Historically this is how breadth works; it leads equity prices. The good news is we see no major warning signs from the NYSE AD line, or any concerning divergences between equities and breadth that might suggest an imminent downturn. Strong breadth among small and midcap stocks is also a positive sign, as weakness in these AD lines tends to appear well before weakness in the NYSE AD line.

6 STRONG PARTICIPATION IS AN INDICATION OF A DURABLE RALLY



Source: LPL Research, FactSet 03/10/17

Arrows indicate trends. Divergences signal bear markets.

Performance is historical and no guarantee of future results. Indexes are unmanaged and cannot be invested in directly.

The NYSE Composite is a stock market index covering all common stock listed on the New York Stock Exchange, including American depositary receipts, real estate investment trusts, tracking stocks, and foreign listings.

The advance–decline line is a stock market technical indicator used by investors to measure the number of individual stocks participating in a market rise or fall.

IT'S NOT OVER TIL THE OVERS SAY IT IS

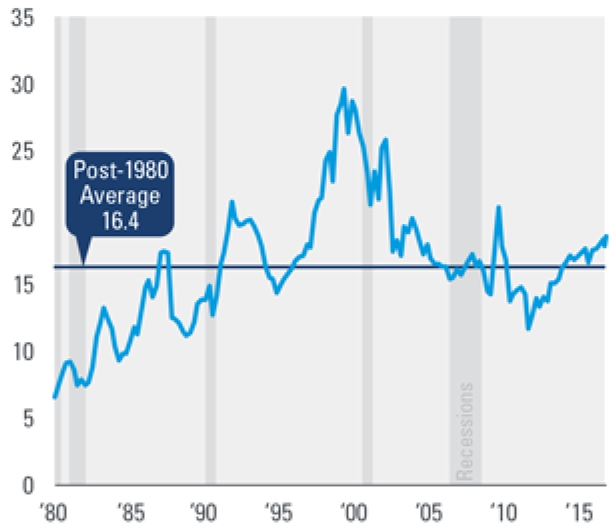
We don't believe bull markets die of old age; they die of excesses, and we aren't seeing the same type of overspending, overborrowing, or overconfidence we've seen at other major market peaks. The accumulation of unhealthy excesses in borrowing, confidence, or spending are what ushers in bear markets, and currently, we are not pushing the limits on our overall or subindex components of the Over Index. The LPL Research Over Index, along with other factors, leads us to believe that we are likely past the mid-point, but not at the end, of this economic expansion and bull market.

ONE WATCH-OUT: VALUATIONS

We acknowledge rich valuations are a concern. On a trailing four-quarter basis, the price-earnings ratio (PE) for the S&P 500 is over 19 **[Figure 7]**. Not only are PEs above average, they are even above where most bull markets peaked and subsequently ended (mostly in the 17-18 range).
Two points on this. First, valuations are not catalysts for stock market declines, but rather determine how severe downturns are once a catalyst emerges after excesses have developed. (Note that we discussed the weak relationship between stock valuations and forward one-year performance in *Outlook 2017: Gauging Market Milestones*.) Second, inflation and interest rates are still relatively low, supporting above-average valuations as bonds become less attractive alternatives to stocks and the present value of future earnings increases.

7 ABOVE-AVERAGE VALUATIONS ARE ONLY JUSTIFIED IF LOW INTEREST RATES AND LOW INFLATION ARE CONSIDERED

● S&P 500 Trailing Price-to-Earnings Ratio



Source: LPL Research, FactSet 03/10/17

Performance is historical and no guarantee of future results. Indexes are unmanaged and cannot be invested in directly.

The PE ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher PE ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower PE ratio.

Trailing PE is the sum of a company's price-to-earnings, calculated by taking the current stock price and dividing it by the trailing earnings per share for the past 12 months. This measure differs from forward PE, which uses earnings estimates for the next four quarters.

POLICY RISK IS HIGH

Valuations are not the only concern at this stage of the bull market. Policy risk is quite high and continues to warrant close attention, although we do not expect these risks to bring the bull market to an end:

- **U.S. fiscal policy.** Optimism surrounding pro-growth policies out of Washington, D.C., including tax reform, infrastructure spending, and deregulation, may prove overly optimistic. And timetables for reforms may disappoint.
- **The Fed.** It is possible the Fed finds itself behind the curve as inflation accelerates. Markets came into 2017 expecting two rate hikes this year (based on fed funds futures markets) and it is possible we get four, which may spook equity investors.
- **European elections.** France is the big one starting next month which will spark calls for "Frexit." Our base case is for France to remain part of the European Union, although recent history suggests taking nothing for granted. German elections, which will take place in September 2017, will also be closely watched along with elections in the Netherlands this week.

CONCLUSION

We believe the now eight-year-old bull market has quite a bit left in its tank despite its old age and the risks, although exactly how much is tough to say. At this time, we do not see warning signs from our favorite leading indicators that might signal the end of the economic cycle. But we are not complacent, nor should you be, as valuations are rich and policy risks are elevated. Volatility will likely return, but for the time being we would suggest staying with your plan, stay invested consistent with your risk tolerance and objectives, watch policy, and look out for the "overs."

Thank you to Ryan Detrick for his contributions to this report.

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.
The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal, and potential liquidity of the investment in a falling market.
Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.
All investing involves risk including loss of principal.
Currency risk arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.
Because of its narrow focus, investing in a single sector, such as energy or manufacturing, will be subject to greater volatility than investing more broadly across many sectors and companies.

INDEX DESCRIPTIONS
The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The Institute for Supply Management (ISM) Index is based on surveys of more than 300 manufacturing firms by the Institute for Supply Management. The ISM Manufacturing Index monitors employment, production inventories, new orders, and supplier deliveries. A composite diffusion index is created that monitors conditions in national manufacturing based on the data from these surveys.
The Leading Economic Index is a monthly publication from the Conference Board that attempts to predict future movements in the economy based on a composite of 10 economic indicators whose changes tend to precede changes in the overall economy.
The NYSE Composite Index is a stock market index covering all common stock listed on the New York Stock Exchange, including American Depository receipts, real estate investment trusts, tracking stocks, and foreign listings.
To complete the Over Index, LPL Research measures trends in three broad economic drivers: spending, borrowing, and confidence. For each of these three drivers, we found four diverse components that reflect the economic activity of that sub-index from a different angle. The Over Index takes each of the subcomponents and uses a sophisticated statistical process to normalize and index each data series into an overall score for each of the three drivers. The combined aggregated data helps to measure the likelihood that the economy is showing signs of overactivity and that we may be approaching a cyclical peak.

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