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Lookout Report
from Global Markets Intelligence

A 15x To 16x Forward Price-To-Earnings Ratio Valuation For The S&P 500 Looks Attractive

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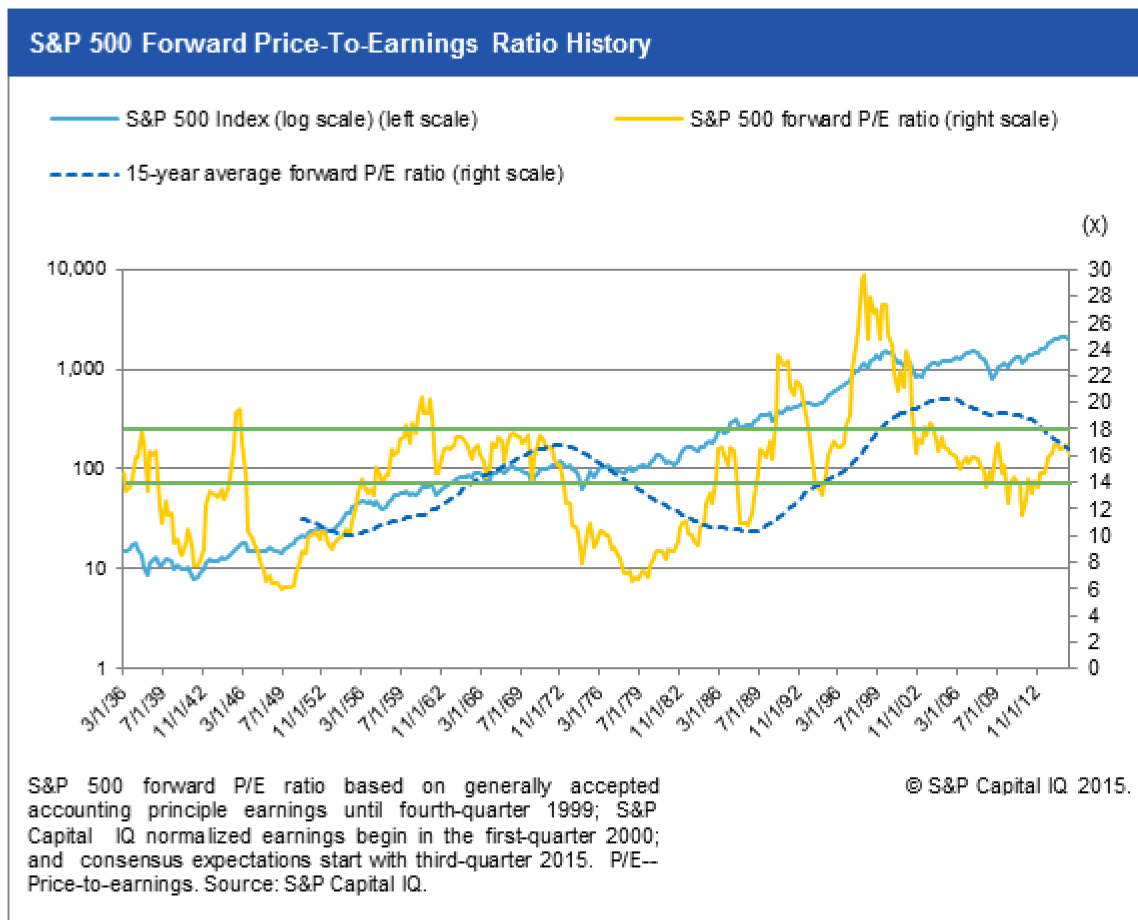
The Lookout Report is a compendium of current data and perspectives from across S&P Capital IQ and S&P Dow Jones Indices covering corporate earnings, market and credit risks, capital markets activity, index investing, and proprietary data and analytics. Published biweekly by the Global Markets Intelligence research group, the Lookout Report offers a detailed cross-market and cross-asset view of investment conditions, risks, and opportunities.

Currently, what is the appropriate valuation of the U.S. stock market? The question, and thus the answer, will mean different things to different people depending on their individual investment objectives, timeframe, and risk tolerance. S&P Capital IQ Global Markets Intelligence (GMI) constantly wrestles with this question within the context of the vigor and stability of the economy, future corporate earnings growth expectations, and the relative attractiveness of other asset classes compared with developed market equities. Although we prefer to reference the 15-year quarterly average forward 12-month price-to-earnings (P/E) ratio as the long-term market valuation benchmark (currently 16x), the truth is that the one-year forward multiple is anything but a stable reference value. Earlier this year, we believed that the fully valued stock market required an ideal market turn of events and outcome in the second half of this year, which has now come into question due to slowing economic growth abroad--particularly in Asia. Because of these events, we are now pondering if this is the appropriate valuation for the stock market.

In the past 79 years, the 15-year average forward P/E has ranged from a low of 10.1x in 1954-55 after World War II to a high of 20.3 in 2005 following the extreme valuations recorded during the tech stock bubble period. Between these two extreme periods, the average P/E rose to 16.8 in late 1972 and early 1973 before pulling back to 10.3 in late 1988 and early 1989 following the global stagflation of the 1970s (see chart 1).

September 18, 2015

Chart 1



S&P 500 forward P/E ratio based on generally accepted accounting principle earnings until fourth-quarter 1999; S&P Capital IQ normalized earnings begin in the first-quarter 2000; and consensus expectations start with third-quarter 2015. P/E--Price-to-earnings. Source: S&P Capital IQ.

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We investigated market valuation developments since the start of this economic recovery cycle in 2009 to discern an appropriate P/E valuation on a near- to intermediate-term basis and found the following:

- The S&P 500 Index was valued at 16.5x forward earnings as the U.S. economy exited the recession at mid-year 2009. The economy and financial system remained fragile, and investor confidence in the macroeconomy remained low, so the forward P/E for the S&P 500 declined further to as low as 12.4x by the second quarter of 2010 when investors had serious double-dip recession anxiety.
- The equity market valuation then rebounded to 14.4x at year-end 2010 as the U.S. economy started to sustain respectable but still preliminary monthly gains in non-farm payrolls.
- The valuation then took a brief but serious hit in the third quarter of 2011, dropping to 11.5x after Standard & Poor's Ratings Services downgraded the U.S. sovereign rating to 'AA+' from 'AAA' in August 2011.
- It then held between 13x and 14x throughout 2012 as the U.S. economy slowly improved, bringing the unemployment rate to 7.9% at year-end 2012 from 8.5% at year-end 2011.
- The Federal Reserve responded to U.S. GDP growth of less than 1% in the second half of 2012 by resorting to a third round of quantitative easing in September 2012. This event ushered in a period of sustained U.S. economic improvement that has helped expand the forward P/E ratio from 13.6x at year-end 2012 to 17.7x during the summer of 2015.

Since the end of July, the S&P 500 Index has pulled back from a forward P/E ratio of 17.1x on July 31 to as low as 15.3x

on Aug. 25, according to S&P Capital IQ consensus data. GMI Research does not currently believe that existing healthy U.S. macroeconomic conditions justify a sub-15x forward P/E ratio as was seen at various times between 2010 and 2012 when confidence in the U.S. and global economy was significantly lower than it is today. We will hold this belief as long as global economic conditions remain free of an exogenous shock or a significant disruptive domestic event, such as a prolonged shutdown of the U.S. federal government. Although we would consider a recession in China or even Europe as sufficiently disruptive, we do not believe that a preliminary interest rate hike by the Federal Reserve will be anything close to an unanticipated shock to the financial system. Based on these views we believe that the S&P 500, and high-quality global equities, are now a compelling investment opportunity for individuals with an intermediate- to long-term investing horizon. This is certainly true relative to the above average historic valuations seen during the first half of 2015. Having said this, a significantly more complex global economic or Federal Reserve policy outlook could potentially challenge this view and open the door for a test of a 14x-handle for the S&P 500 forward P/E ratio.

GMI Research was not surprised to see that the Federal Open Market Committee (FOMC) refrained from raising interest rates at the September meeting (please see "Lookout Report: The Fed Needs To Unbridle The Yield Curve," published Sept. 4, 2015). The Fed's post-meeting press release disclosed that the FOMC is "monitoring developments abroad" to see whether "recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term." The GMI translation: If the Fed is concerned about what is occurring abroad, then so should investors. Fed indecision and the implied uncertainty regarding the global economic outlook will likely continue to elevate financial market volatility in the near-term as witnessed since the start of the final week of August. Nonetheless, we will likely retain our generally positive view of stocks so long as the global economy continues to expand and consumer price inflation does not become an issue for the Fed. Inflation quickly became problematic for policy makers during the 1970s and left Fed Chairman Paul Volcker with little option but to purge inflation from the U.S. economy via a drastic tightening of U.S. monetary policy that ultimately drove P/E ratios into single-digit territory. But for the moment, the Fed appears to be more concerned with fighting latent post-financial crisis global deflationary pressures than it is with risks of instigating domestic inflation.

The declining trend in the 15-year average level of the S&P 500 forward P/E ratio is potentially disconcerting within the context of a report that the McKinsey Global Research Institute published this month (see "Playing To Win: The New Global Competition For Corporate Profits"). Its findings project that large developed-nation corporations may face slower profit growth in the decades ahead because of increased encroachment and competition from smaller and nimbler competitors benefitting from competitive advantages, such as low-cost labor and the rapid growth in emerging economic regions. According to McKinsey, the 50 largest emerging-economy firms have doubled their share of revenue from overseas activity to 40% from 19% in the past decade despite rapid growth in their underlying domestic markets. Should this trend continue in the absence of a targeted strategic response by global competitors domiciled in more developed and mature market locations, we could see further large-scale downward macroeconomic pressure on the P/E valuations of large-cap multinational corporations.

Inside This Issue:

Macroeconomic Overview: A 15x To 16x Forward Price-To-Earnings Ratio Looks Attractive

Currently, what is the appropriate valuation of the U.S. stock market? The question, and thus the answer, will mean different things to different people depending on their individual investment objectives, timeframe, and risk tolerance. The S&P 500 currently trades at about 16x forward 12-month expected earnings, equal to the 15 year quarterly average of the forward 12-month P/E ratio. Barring any unforeseen major disruptions to the market, inclusive of a recession in either Asia or Europe, GMI Research believes that the S&P 500, at a 15x to 16x valuation forward multiple, represents a

compelling investment opportunity for investors with an intermediate- to long-term investing horizon.

Economic And Market Outlook: Health Care Takes A Hit But Isn't Out Of The Game

Thus far in September, the S&P 500 has bounced back from the blood bath that was August when the index declined 6.3% and even touched correction territory (on a monthly basis) at its low point. But even more unsettling, the health care sector declined 8.1% in August, the largest deterioration of any S&P 500 industry. This performance--or lack thereof--occurred despite the group's outstanding second-quarter reporting season. We could reasonably understand stock weakness if the outlook for these health care companies had moved substantially to the downside throughout the second-quarter reporting period. But that is not the case; we believe the fundamental story remains in place.

Leveraged Commentary And Data: Behind The Numbers: When Will Defaults Spike?

Capital market players are trying to assess how much longer the good times can roll, considering that America's expansion is getting long in the tooth at six years and the companion bull market is wobbling from the all-time highs of early 2015 in the face of full valuations, in addition to China's economic slowdown, emerging market woes, and falling oil prices. For the same reasons, leveraged credit managers are concerned that the current run of below-trend default activity, which stretches nearly six years since the credit crunch crested in December 2009, may be drawing to an end. After

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

To date, September has been a desert for IPOs because not one new issue has been brought to market on a major U.S. exchange, according to S&P Capital IQ data. In fact, an IPO has not been priced since investment banking company Houlihan Lokey Inc.'s $220.5 million offering on Aug. 12. Besides the absence of deals, the technology sector has also seen a downward move in offerings. Foreign acquirers have steadily eyed U.S.-based assets or businesses as a source of expanding their geographic footprint and achieving corporate growth. According to the S&P Capital IQ database, the deal value of foreign acquisitions in the U.S. has jumped to more than $380 billion this year compared with approximately $290 billion at this time a year ago.

Economic And Market Outlook: Health Care Takes A Hit But Isn't Out Of The Game

North America

Thus far in September, the S&P 500 has bounced back from the blood bath that was August when the index declined 6.3% and even touched correction territory (on a monthly basis) at its low point. But even more unsettling, the health care sector declined 8.1% in August, the largest deterioration of any S&P 500 industry. This performance--or lack thereof--occurred despite the group's outstanding second-quarter reporting season.

We could reasonably understand stock weakness if the outlook for these health care companies had moved substantially to the downside throughout the second-quarter reporting period. But that is not the case; we believe the fundamental story remains in place. Higher enrollments, cost management, and prescription drug sales growth will continue their positive influence, resulting in 12.9% earnings growth expectations in 2015, the best in the index.

Health care has been a key driver of earnings growth for the past several quarters, posting double-digit growth in each of the previous five reporting periods (including growth of more than 20% in fourth-quarter 2014 and first-quarter 2015), making it hard to reconcile the sector's recent decline. Notably, health care is still up 4.2% year-to-date, representing one of only two sectors boasting positive growth year-to-date (consumer discretionary has appreciated 6.0%).

Health care's 2015 earnings estimate has increased by the second-largest amount since the second-quarter earnings season kicked off, largely due to the second-quarter beat as third and fourth quarter estimates were reduced. The decrease in those quarters was minimal and the smallest amount of any sector as the growth rates declined less than 50 basis points in each quarter (see table 1).

Table 1

Change In Quarterly Growth Rates

	--EPS estimate change since second-quarter earnings season began (bps)--				
	Second quarter	**Third quarter**	**Fourth quarter**	**Fiscal-year 2015**	**Fiscal-year 2015 growth rate (%)**
Energy	516	(599)	(1,948)	(394)	(59.16)
Materials	384	(991)	(567)	(262)	(0.72)
Consumer staples	424	(381)	(306)	(69)	0.51
Information technology	412	(362)	(165)	(42)	3.24
Utilties	476	(158)	(438)	(36)	1.72
Consumer discretionary	417	(303)	(140)	(10)	10.97
Industrials	(41)	(242)	250	(8)	3.72
Financials	466	(197)	(189)	23	11.03
Health care	861	(26)	(41)	204	12.93
Telecommunication services	582	299	261	284	9.81
S&P 500	456	(281)	(264)	(25)	(0.24)

Second-quarter earnings season started July 13, 2015. EPS--Earnings per share. bps--Basis points. Source: S&P Capital IQ.

Given the lack of fundamental changes, we view the pullback in health care shares as a profit-taking exercise for investors of what was a high-flying sector ahead of the market plunge that began on Aug. 20 because of worries that China's slowdown would spread. The S&P 500 and health care both bottomed on Aug. 25. Since then, the health care sector has regained about half of its 10.3% correction. Although we still believe the sector is attractively valued at 16.8x not only because it's trading at a discount to its historic 15-year average of 17.1x but also because it's trading at its lowest multiple all year. We had been overweight on the sector this year and continue to maintain our position.

Europe

Earnings growth rates for the Euro 350 continue to deteriorate from month-ago levels though remain strong overall, especially when compared to the anemic growth of -0.2% expected in the U.S. for 2015. Earnings growth is currently pegged at 9.3% (versus 11.0% a month ago) for 2015, and it is expected to reach 8.5% in 2016 (versus 9.5% a month ago).

Eight of 10 sectors are expected to report growth this year with six of eight projecting double-digit figures. Technology (25.8%), consumer discretionary (23.7%), financials (22.3%), industrials (16.4%), and telecommunication services (14.6%) lead with robust growth rates. Health care, utilities, and consumer staples round out the index with growth of 10.3%, 9.8%, and 6.5%, respectively. Energy (-36.8%) and materials (-9.0%) are the only sectors with projected declines.

Table 2

CY 2015 And 2016 EPS And Growth Rate

	--CY 2015--		--CY 2016--	
	EPS (€)	**Growth (%)**	**EPS (€)**	**Growth (%)**
Consumer discretionary	126.64	23.7	142.19	12.3
Consumer staples	154.26	6.5	165.76	7.5
Energy	76.32	(36.8)	84.54	10.8
Financials	74.61	22.3	78.95	5.8
Health care	124.13	10.2	135.16	8.9
Industrials	107.57	16.4	116.82	8.6
Information technology	61.42	25.8	72.29	17.7
Materials	127.03	(9.0)	146.57	15.4
Telecommunication services	73.70	14.6	79.79	8.3
Utilities	94.11	9.8	94.10	(0.0)
S&P 350	96.50	9.3	104.72	8.5

CY--Calendar year. EPS--Earnings per share. Source: S&P Capital IQ.

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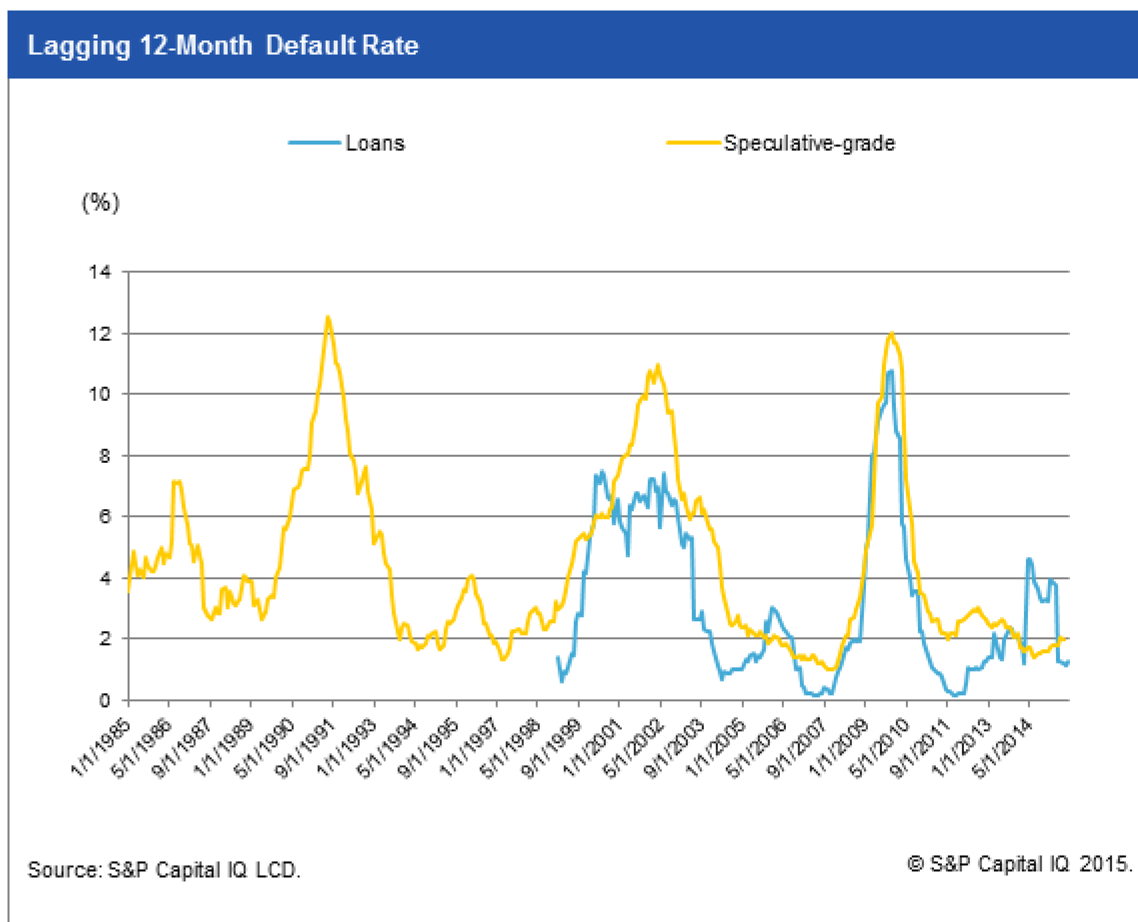
Leveraged Commentary And Data: Behind The Numbers: When Will Defaults Spike?

Capital market players are trying to assess how much longer the good times can roll, considering that America's expansion is getting long in the tooth at six years and the companion bull market is wobbling from the all-time highs of early 2015 in the face of full valuations, in addition to China's economic slowdown, emerging market woes, and falling oil prices.

For the same reasons, leveraged credit managers are concerned that the current run of below-trend default activity, which stretches nearly six years since the credit crunch crested in December 2009, may be drawing to an end. After all, since the modern era of speculative-grade finance began in the mid-1980s, the prior low-default periods ran six years, from 1985-1990; eight years, from 1992-1999; and six years, from 2003-2008.

Chart 2



More broadly, the current run of economic growth and stock market increases is getting to the wide end of the historical range.

Since World War II, the average bull market has lasted 8.7 years on average, while economic expansions have run nearly 5.75 years on average.

On the other hand, even if it appears late in the game for the current cycle, many of the prior cycles went into overtime (and sometimes double and triple OT). The longest economic expansion since 1945, for instance, endured for a full decade from 1991-2001, while the longest bull market stretched 12.8 years from 1988-2001.

Nothing new under the sun

The current benign credit environment will inevitably give way to a default spike. In credit cycles, as in life, there's a time to dance and a time to mourn. What loan managers are attempting to model is whether defaultageddon will happen sooner or later and what that means for investment strategies.

Ahead, we discuss when default rates are most likely to push past the historical average of 3.2%--the rate was 1.3% at the end of August--based on conversations with managers and empirical data. In preview, the consensus view is that the run of low defaults is likely to persist through 2016. After that, managers expect default rates to rise. Naturally, though, a hearty contingent of hawks and doves disagree on the specific timing.

Before we dive deeper, there are three points on which most players agree:

- The near-term outlook for loans is mostly sunny: Most managers believe that loan default rates will remain below trend in the next 12 months. According to Leveraged Commentary and Data's (LCD's) latest quarterly buyside survey taken in early September, managers on average said the default rate by amount will rise from August's reading of 1.30% to 1.72% at year-end 2015 and 2.33% by September 2016. Forecasts generally remain sanguine for the following reasons: a dearth of immediate maturities, fat coverage ratios across the leveraged loan issuer base, market distress remains low; and a solid, if unspectacular, economic forecast through the end of next year.
- Loans are more protected than speculative-grade: Our colleague Marty Fridson, the dean of speculative-grade strategists, suggested in a comment for LCD that the default rate for speculative-grade will likely push above the long-term average of 4.5% in 2016. Even if that proves true, the outcome may be different for loans because the Bank of America Merrill Lynch's HY Master Index's exposure to energy--the most troubled sector--is far higher than that of loans at 15% to 4.7%. The reason, managers say, is because oil and gas financing often takes the form of borrowing-base reserve facilities from banks with the balance financed with bonds; thus these issuers bypass the funded term loan market altogether.
- Exogenous events are a potential accelerant. The past three default spikes were, in part at least, precipitated by disruptive events: the Gulf War of 1991, the terror attacks of 9/11, and the Lehman Brothers bankruptcy in September 2008. These events helped bring on the two elements that are critical to elevate bankruptcy rates: economic recession and a liquidity vacuum that pushes up financing costs and leaves distressed issuers without a ready source of capital.

Considering the scenarios

Let us limit the time frames during which default rates push past the historical average:

- Bear case: by year-end 2016;
- Base case: 2017; and
- Bull case: 2018 or beyond.

Here's how managers handicapped these three possibilities in our latest poll:

Chart 3

Bear case

In order for default rates to surge in the next 15 months, most players say a shock is necessary. Certainly, the list of known geopolitical and economic tinder boxes is formidable, including weakness in China; the always fragile situation in the Middle East; the potential for a further collapse in oil and commodity prices that drives defaults in these sectors higher while setting off a contagion in aligned sectors; Russia/Ukraine; Greece; or a complete meltdown in the already troubled emerging markets.

Outside of such a brutal force, however, managers remain constructive on the near-term outlook as the poll results cited above illustrate. They expect defaults to remain at low ebb and concentrated within the energy and commodities sectors, in addition to a smattering of names that are potential bankruptcy candidates such as Millennium Health LLC, Caesars Entertainment Corp, Clear Channel Communications Inc., The Gymboree Corp., and Weight Watchers International Inc.

Base case: 2017

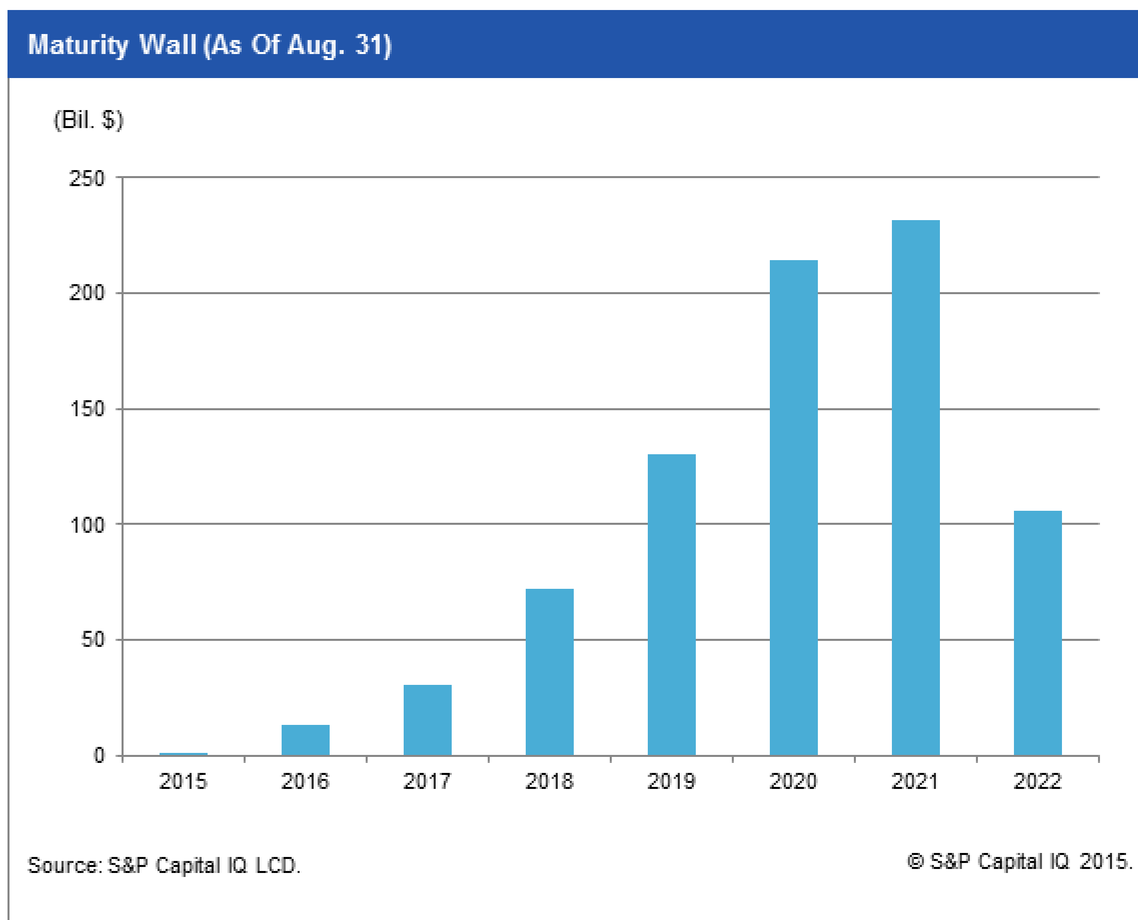
Assuming GDP growth and benign credit conditions persist through 2016, managers generally see the default cycle gearing up by 2017-2018 for the following reasons:

- Risk of recession: The current economic recovery at that point will be pushing the wide end of the historical envelope, suggesting a higher probability of recession. How high is impossible to say, of course. But recoveries always sow the

seeds of their own destruction by the forces of leverage creep, excess investment, and overvaluation.

- Effect of risk retention rules on structured finance: By late 2016, the collateralized loan obligation (CLO) risk retention rules will be in full effect. Although CLO formation will persist, participants say, this form of fund raising will be less profitable (and some say less fun) for asset managers. In the likely event that structured finance's footprint in the loan market shrinks, players say, the cost of financing for loan issuers will increase as managers rely on less-geared products, such as separately managed accounts and mutual funds. The amount of loan capacity could also shrink as leverage drains from the system.
- Increase in maturity wall: The amount of loans due starts to rise markedly in 2017 (see chart 4).

Chart 4



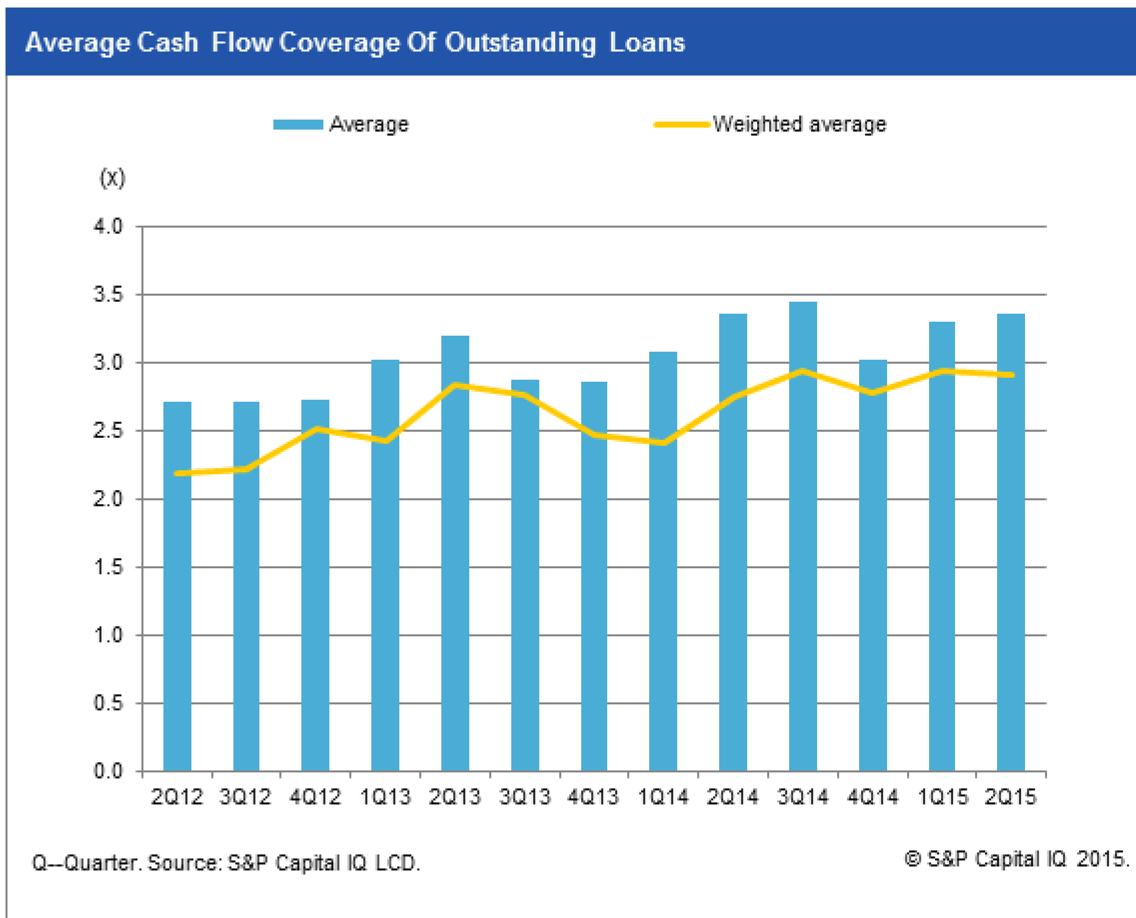
Although loans rarely go to term, some issuers could find it more difficult to refinance debt ahead of maturity given the combinations of potentially slowing economic growth--or an outright recession--and the scaled-back participation of CLO vehicles. At the least, financing may well be more expensive, putting pressure on today's vaulted coverage ratios.

Bull case: 2018 and beyond

- There are few intrepid optimists that see a benign credit cycle extending for another three years (or perhaps more). A lot would have to go right for them to be correct. First and foremost, the economy would have to avoid a recession. That is hardly a given, but if so, the bull brief has three main legs: Regulation: The regulatory environment has clearly reined in more ambitious credit structures for newly minted deals and slowed the recap parade that allowed private equity firms to releverage performing properties via recaps. As a result, coverage ratios have remained wide across the leveraged

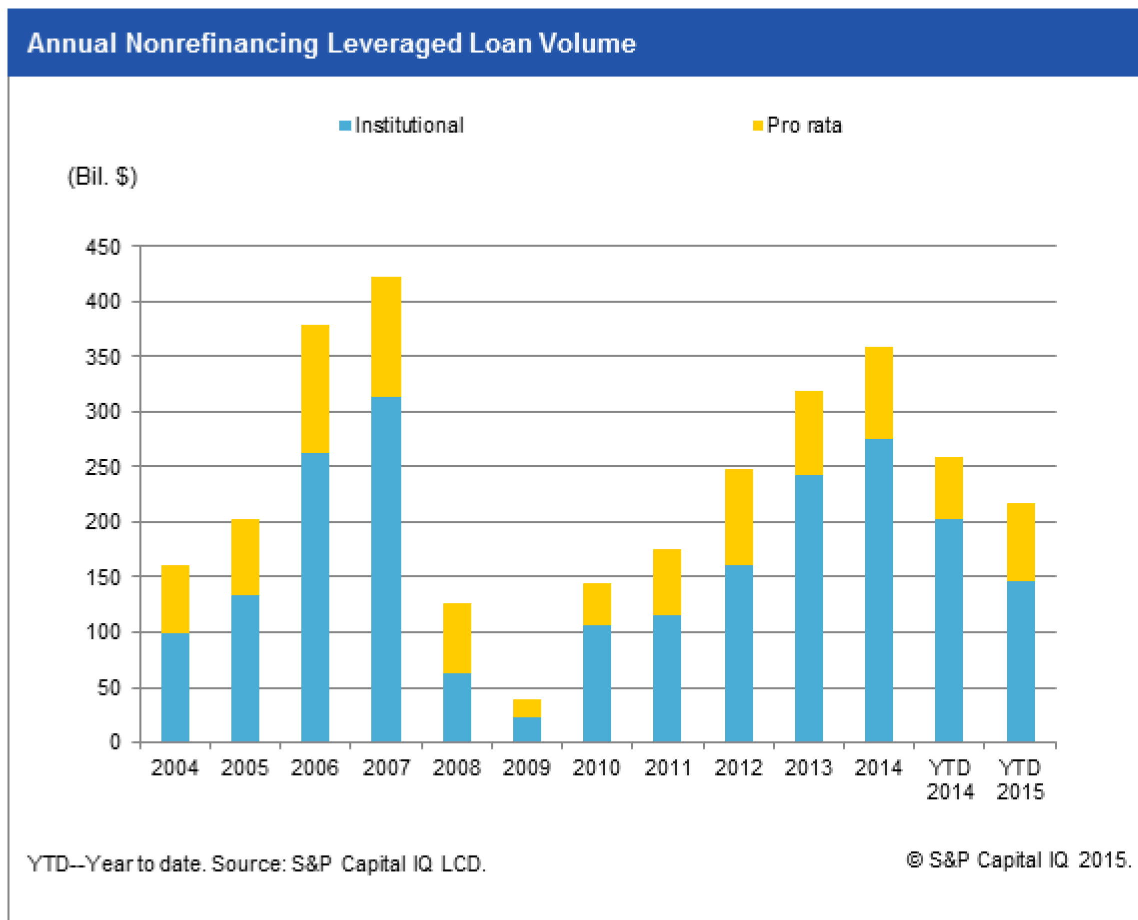
loan universe, affording issuers more cushion against economic setback--with the clear exception so far of the commodities space.

Chart 5



- Fed accommodation: The central bank has been a clear source of liquidity to the system, and many players don't see the Fed taking away the punch bowl--at most, they think the Fed might spike it a little less. If so, borrowing costs may remain low in the foreseeable future, propping up coverage ratios and providing issuers with refinancing options in the capital markets even if the loan market capacity shrinks in the teeth of risk retention rules.
- The reset thesis: Under this thesis, the current market correction doesn't date from 2009 but really from 2012, when liquidity finally returned to the system allowing new transaction volume to flourish (see chart X). If so, the current cycle isn't six going on seven but rather four going on five, suggesting it may have longer to go before it dies of natural, or exogenous, causes.

Chart 6



In the end, default rates will start their inexorable rise to above-trend levels when the market experiences the usual knockout combination of recession and liquidity deprivation. From today's vantage point, 2017 is the consensus estimate, though that view will obviously shift in either direction as new information comes to light or new crises emerge that threaten global economic growth.

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Follow Steve on Twitter for an early look at LCD analysis and for market commentaries.

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

IPOs

To date, September has been a desert for IPOs because not one new issue has been brought to market on a major U.S. exchange, according to S&P Capital IQ data. In fact, an IPO has not been priced since investment banking company Houlihan Lokey Inc.'s $220.5 million offering on Aug. 12. Besides the absence of deals, the technology sector has also seen a downward move in offerings. Following 2014's robust year with 43 issues, the best showing since 1999 when 48 information technology companies went public, this year finds just 16 IPOs completed to date. Per this trend, we predict just 23 IT companies will complete IPOs in the U.S., the lowest number since 2009 when eight IPOs were priced.

However, one positive salve to the technology IPO condition may come from the forthcoming offering by payment company First Data Corp. According to published sources, the company may be looking to raise a minimum $2.5 billion from its proposed IPO. If that amount is achieved, it would be largest IPO in the U.S. this year and the third-largest ever among U.S.-based information technology companies.

Table 3

Technology Company IPOs

Year	No. of information technology IPOs	No. of total IPOs	% of information technology IPOs
1999	48	106	45.28
2000	35	74	47.30
2001	5	56	8.93
2002	5	83	6.02
2003	7	63	11.11
2004	14	112	12.50
2005	20	106	18.87
2006	18	101	17.82
2007	30	114	26.32
2008	2	26	7.69
2009	8	42	19.05
2010	29	83	34.94
2011	30	106	28.30
2012	26	119	21.85
2013	39	188	20.74
2014	43	236	18.22
YTD 2015	16	124	12.90

YTD--Year to date. Source: S&P Capital IQ.

M&A

Foreign acquirers have steadily eyed U.S.-based assets or businesses as a source of expanding their geographic footprint and achieving corporate growth. According to the S&P Capital IQ database, the deal value of foreign acquisitions in the U.S. has jumped to more than $380 billion this year compared with approximately $290 billion at this time a year ago. Moreover, another eye-catching observation is that among the top 10 announced foreign merger and acquisition (M&A) deals in the U.S. this year, five have taken place in the third quarter. Among these include Israeli drug firm Teva Pharmaceutical Industries Ltd., which signed a definitive agreement to acquire Allergan Generics from Allergan PLC for $40.5 billion in cash and stock on July 26 and Zurich-headquartered ACE Ltd., which entered into a definitive agreement to acquire The Chubb Corp. for $28.3 billion in cash and stock on July 1. Most recently, Schlumberger Ltd. signed a deal to acquire Cameron International Corp. for $12.8 billion in cash and stock on Aug. 25. To this end, despite recent market turmoil, some large acquirers appear to be looking past present conditions and ahead to enlarging their operations.

Table 4

Leading Foreign Acquisitions In the U.S.

Announced date	Target	Total transaction value (mil. $)	Buyers/investors	Geographic locations (buyers/investors)
07/27/2015	Allergan PLC, Global Generic Pharmaceuticals Business	40,500.0	Teva Pharmaceutical Industries Ltd.	Africa/Middle East
05/28/2015	Broadcom Corp.	36,697.9	Avago Technologies Ltd.	Asia/Pacific

Table 4

Leading Foreign Acquisitions In the U.S. (cont.)				
07/01/2015	The Chubb Corp.	31,551.3	ACE Ltd.	Europe
08/04/2015	Baxalta Inc.	30,908.4	Shire PLC	Europe
03/01/2015	Freescale Semiconductor Ltd.	17,297.2	NXP Semiconductors NV	Europe
08/26/2015	Cameron International Corp.	16,561.0	Schlumberger Ltd.	Europe
03/11/2015	Salix Pharmaceuticals Ltd.	14,168.3	Endo International PLC	Europe
06/09/2015	Antares Capital	12,000.0	CPPIB Credit Investments Inc.	Canada
09/04/2015	TECO Energy Inc.	10,422.5	Emera Inc.	Canada
05/18/2015	Par Pharmaceutical Holdings Inc.	10,389.1	Endo International PLC	Europe

Source: S&P Capital IQ.

Debt

August saw a retreat in requests for security identifiers among certain debt asset classes as concern about a potential interest rate hike and sharp market volatility hampered financial markets. According to information provided by CUSIP Global Services, domestic corporate debt Committee on Uniform Security Identification Procedures (CUSIP) orders dropped to 671 last month from 950 in July. Meanwhile, the total number of CUSIP requests for municipal bonds slumped in August to 1,040, down nearly 16% from July's tally of 1,233. Despite the recent results, municipal securities CUSIP demand is up by more than 30% from year-ago volume. International debt CUSIP demand slipped to 205 from 235 during the same period. Meanwhile, private placement number domestic debt CUSIP request volume rebounded sharply last month as 255 identifiers were requested up from 125 in July. The results suggest that capital markets activity may be restrained in the near term as borrowers weigh financial conditions in the aftermath of recent economic anxiety.

Table 5

Selected Debt CUSIP Requests

Asset	August 2015	July 2015	2015	2014	Change (%)
Domestic corporate debt	671	950	6,632	6,585	0.71
Municipal bonds	1,040	1,233	10,581	8,104	30.57
Short-term municipal notes	150	186	920	963	(4.47)
Long-term municipal notes	35	53	271	439	(38.27)
International debt	205	235	2,058	1,801	14.27
PPN domestic debt	255	125	1,465	1,458	0.48
Total	2,356	2,782	21,927	19,350	13.32

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

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