View from the Observation Deck

1. The S&P/Experian Consumer Default Index Composite measures the default rates across first and second mortgages, bank cards and auto loans.
2. The index registered a default rate of just 0.89% in September 2015, well below its 10-year high of 5.51% in May 2009. It sits just above the all-time low of 0.88% set in May 2015, according to Bloomberg.
3. Ironically, while there is growing concern about rising defaults in the energy sector in response to the plunge in crude oil prices since June 2014, lower energy prices are a welcome sight for consumers.
4. The average price of a gallon of gasoline in the U.S. stood at $2.22 on 10/21/15, down from $3.67 per gallon on 6/30/14, according to Bloomberg. The lower price at the pump can potentially boost the amount of discretionary dollars available for consumers to spend, in our opinion.
5. Year-to-date through 10/21, the S&P 500 Consumer Discretionary Index posted a total return of 9.62%, the highest return of the 10 major sectors by far, according to Bloomberg. The S&P 500 Index posted a total return of -0.31%.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Consumer Discretionary Index is an unmanaged index which includes the stocks in the consumer discretionary sector of the S&P 500 Index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.