There was no compelling reason for it – no surprise edict from the Federal Reserve, no new global conflict, no unexpectedly ominous economic news – but investors were nonetheless skittish last week, and the Dow took turns swooning and soaring, falling by more than 100 points three times and gaining more than 150 points twice.

At week’s end, bond yields also rose as prices fell, though this time there was a clear cause – the sudden departure of the “bond king” Bill Gross from the company he founded, PIMCO.

Fed talk
The week after investors were assured by the Fed that it was unlikely to change the timetable for raising its benchmark rate – mid-2015 – a number of committee members opined and offered some conflicting testimony. For instance, James Bullard, the president of the Federal Reserve Bank of St. Louis, said the central bank may have to drop its pledge to keep interest rates low when its quantitative easing campaign ends in October. Esther George, the president of the Federal Reserve Bank of Kansas City, also said that now was the time to start normalizing interest rates. And, tackling another hot topic, William Dudley, the president of the New York Federal Reserve, said that the stronger dollar could complicate the Fed’s efforts to spur growth and lift inflation.

Gross goes
Whether he left or quit before he was fired, Bill Gross resigned from PIMCO (now owned by Allianz) and will move to the

<table>
<thead>
<tr>
<th>Key Market Data</th>
<th>9/19/2014</th>
<th>9/26/2014</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Industrial Average Index</td>
<td>17,279.74</td>
<td>17,113.15</td>
<td>-0.96%</td>
</tr>
<tr>
<td>S&amp;P 500 Index</td>
<td>2,010.40</td>
<td>1,982.85</td>
<td>-1.37%</td>
</tr>
<tr>
<td>Nasdaq Composite Index</td>
<td>4,579.79</td>
<td>4,512.19</td>
<td>-1.48%</td>
</tr>
<tr>
<td>10-Year Treasury Note Rate</td>
<td>2.589%</td>
<td>2.535%</td>
<td>-0.054%</td>
</tr>
<tr>
<td>NYMEX Crude Future (Barrel)</td>
<td>$92.41</td>
<td>$93.54</td>
<td>+1.22%</td>
</tr>
<tr>
<td>Euro-U.S. Dollar Exchange</td>
<td>$1.2829</td>
<td>$1.2683</td>
<td>-$0.0146</td>
</tr>
<tr>
<td>MSCI EAFE Index</td>
<td>1,901.00</td>
<td>1,853.39</td>
<td>-2.50%</td>
</tr>
</tbody>
</table>

much smaller Janus. Mr. Gross founded PIMCO in 1971 and turned it into an investment giant with nearly $2 trillion in assets, but investors had recently been pulling money from his signature Total Return Fund. After the announcement, the yield on the 10-year Treasury rose and shares of Janus jumped 43%.
Bypassing Congress

Jacob Lew, secretary of the Treasury, said that new rules will be introduced to make it harder for American companies to relocate abroad and evade taxes, so-called “inversions,” with the president making an end run around Congress to enact the changes. “For some companies considering deals,” Mr. Lew said, “today’s actions will mean the inversions no longer make economic sense.”

Holder resigns

Attorney General Eric Holder, the first African-American to hold the position and a man who has been active in taking on Wall Street and the nation’s banks in an effort to avoid another financial meltdown, announced that he was stepping down from the job.

Growth upped again

The final estimate for second-quarter growth was pushed up again, this time from 4.2% to 4.6%, the fastest clip in more than two years (the government’s first reading had been 4%). The uptick was the result of better numbers for business investment, imports and consumer spending. This comes after a dip of 2.1% in the first quarter, now widely seen as an anomaly triggered by bad winter weather. Most estimates for growth for the rest of the year fall in the 3% range.

New home sales soar

Sales of new homes rose 18% in August, reaching an annual rate of 504,000, according to the Commerce Department, well above the anticipated 430,000. But earlier in the week, the National Association of Realtors said that existing home sales were off 1.8% in August to an annual rate of 5.05 million, the first drop after four straight months of gains; they totaled 5.14 million in July.

In other economic news, the Commerce Department announced that durable goods orders dropped 18.2% in August after a record gain of 22.5% in July, but almost entirely because of orders for aircraft; orders less transportation actually rose 0.7% after falling 0.5% in July. The Labor Department reported that first-time jobless claims rose 12,000 to 293,000, but the four-week moving average dipped 1,250 to 298,500. And the final Thomson Reuters/University of Michigan consumer sentiment index for September came in at 84.6, up from 82.5 in August.

Reassessing global growth

In another sign of a slowdown beyond the borders of the United States, the World Trade Organization cut its growth forecast for this year to 3.1% from 4.7% and scaled back its projection for 2015 to 4% from 5.3%, well below the world’s 20-year average of 5.2%.

China will stand pat

China’s Finance Minister Lou Jiwei said his government won’t drastically alter its economic policies merely because of weakness in one economic indicator, the latest official remarks that could dampen hopes for an aggressive easing of policies. Mr. Lou said that economic growth remains within the government’s “comfort zone.”

At the same time, a gauge of Chinese manufacturing unexpectedly increased this month, suggesting export demand is helping the economy withstand a property slump. The preliminary Purchasing Managers’ Index from HSBC Holdings Plc and Markit Economics was 50.5, up from August’s final reading of 50.2.

Japan falls short

The efforts by Japan’s Prime Minister Shinzo Abe’s to boost economic growth have failed to persuade Standard & Poor’s to change its negative outlook for the government’s credit rating. Last week, the agency affirmed an AA- rating for long-term sovereign debt, citing as evidence the “still-sizable risk of a slow return to sustained inflation and healthier economic performance.”
The Ukraine wants in

Ukraine’s President Petro Poroshenko proposed a wide-ranging reform program aimed at getting his nation ready to formally apply to join the EU by 2020 and warned that if Ukrainians don’t embrace the ambitious reforms, they will face a future “alone with Russia.”

Around the eurozone

Markit’s PMI showed that manufacturing and services were all but flat in the eurozone in September, dipping to 52.3, the lowest level this year, from 52.5 in August. Markit said that added up to third-quarter GDP growth of 0.2%, matching the second quarter’s lacklustre showing. Activity in France stalled again in the three months through June, according to a final release that was unchanged from a preliminary estimate. At the same time, after meeting with the French Prime Minister Manuel Valls, Germany’s Chancellor Angela Merkel described France’s plan for economic reform as ambitious and impressive.

The NASDAQ Composite Index® Stocks traded on the NASDAQ stock market are usually the smaller, more volatile corporations and include many start-up companies.

NAR - National Association of Realtors. NAR is a real estate trade association involved in all aspects of the residential and commercial real estate industries. NAR also functions as a self-regulatory organization for real estate brokerage.

The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan and Thomson Reuters. At least 500 telephone interviews are conducted each month of a United States sample. 50 core questions are asked.

The World Trade Organization (WTO) is a global international organization dealing with the rules of trade between nations. WTO agreements are negotiated and signed by the bulk of the world’s trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. The HSBC Flash China Purchasing Managers’ Index (PMI) has been created in partnership with Markit to provide the earliest indication of economic conditions in China.

S&P’s credit ratings express the agency’s opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time. Ratings are expressed as letter grades that range from ‘AAA’ to ‘D’ to communicate the agency’s opinion of relative level of credit risk.

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The Dow Jones Industrial Average Index® is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

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

Standard & Poor’s offers sector indices on the S&P 500 based upon the Global Industry Classification Standard (GICS®). This standard is jointly maintained by Standard & Poor’s and MSCI. Each stock is classified into one of 10 sectors, 24 industry groups, 67 industries and 147 sub-industries according to their largest source of revenue. Standard & Poor’s and MSCI jointly determine all classifications. The 10 sectors are Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Telecommunication Services and Utilities.