



MARKET COMMENTARY

September saw another setback for global markets, as European growth concerns spilled over to the U.S. For the second time this quarter, investors trimmed exposure to stocks and corporate credit in favor of cash and Treasuries. This was bullish for the U.S. dollar, which remains the strongest performing currency this year. This U.S. dollar strength combined with energy supply increases from the U.S. and concerns over International growth have put significant downward pressures on many commodities. U.S. large-cap equities held up better than International shares, while Emerging Market and small cap stocks suffered the largest losses.

MARKET NEWS

- Alibaba Group Holding (NYSE:BABA), a Chinese diversified e-commerce company, offered public shares for the first time, raising a record \$21.8 billion (\$68/share) in its initial public offering
- The US dollar index has generated a positive return for 10 consecutive weeks, which is the longest streak in over 40 years; demand for the currency has benefitted from investors seeking higher-quality yields offered by U.S. Treasuries
- WTI crude ended the month \$15 below its 2014 high of \$108 reached in June; global crude prices have suffered from supply technicals but also a strong U.S. dollar as crude is priced globally in USD

INDEX RETURNS & MARKET LEVELS^{1,2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	-1.40%	1.13%	8.34%	19.73%
Russell 2000	<i>U.S. small cap</i>	-6.05%	-7.36%	-4.41%	3.93%
MSCI EAFE	<i>Non-U.S. developed</i>	-3.84%	-5.88%	-1.38%	4.25%
MSCI EM	<i>Emerging markets</i>	-7.41%	-3.50%	2.43%	4.30%

Fixed Income					
Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	-0.68%	0.17%	4.10%	3.96%
Barclays Municipal	<i>U.S. municipal</i>	0.10%	1.49%	7.58%	7.93%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	-2.10%	-1.92%	3.61%	7.23%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	-2.41%	-1.65%	7.30%	8.28%

Alternatives					
HFRX Global Hedge Fund	<i>Hedge funds</i>	-0.77%	-0.57%	1.19%	3.54%
Alerian MLP	<i>MLPs</i>	-1.56%	2.73%	19.48%	25.80%
S&P U.S. REIT	<i>REITs</i>	-5.98%	-3.16%	13.92%	13.15%
Bloomberg Commodity TR	<i>Commodities</i>	-6.23%	-11.83%	-5.59%	-6.58%

U.S. Economic Measures		
U.S. GDP ³	4.6%	<i>(Q2 2014, third est.)</i>
CPI-U ex Food & Energy ⁴	1.7%	<i>(8/31/2014)</i>
Unemployment Rate	6.1%	<i>(8/31/2014)</i>

	Levels		
	9/26/2014	12/31/2013	9/26/2013
Rates			
2yr U.S. Treasury	0.59%	0.38%	0.25%
10yr U.S. Treasury	2.54%	3.04%	1.91%
3mo LIBOR	0.23%	0.25%	0.36%
Prime Rate	3.25%	3.25%	3.25%
30yr Mortgage Fixed	4.39%	4.72%	4.24%

Commodities			
Gold (\$/oz.)	1,214	1,205	1,333
Copper (\$/MT)	6,771	7,395	7,221
Oil-WTI (\$/barrel)	93.54	98.42	103.03
Corn (\$/bushel)	2.98	4.10	4.34

Currencies			
Euro (\$/€)	1.27	1.38	1.35
Pound (\$/£)	1.62	1.66	1.60
Jap. Yen (¥/\$)	109.21	105.11	98.96

Notes: 1) Sources: Bloomberg, J.P. Morgan Asset Management, Morningstar, Hedge Fund Research, Bureau of Labor Statistics, Bureau of Economic Analysis. 2) Data as of the date of this report unless otherwise noted. 3) U.S. GDP measures the percentage change during the referenced quarter as published by BEA. 4) Consumer Price Index for All Urban Consumers: U.S. City Average, All Items Less Food and Energy is based on 12-month percent change as published by BLS.

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