

MARKET COMMENTARY

Domestic equities were positive in May, with smaller cap stocks outpacing their larger counterparts. Economic news had offered a mixed picture, where housing has benefitted from new home sales and construction while consumer spending has failed to pickup despite low oil prices. International markets cooled in May, with developed international equities flat and emerging markets -3.6%. Europe's economy continues to show improvement, boosted by a weaker currency and lower oil prices, though is still dealing with the Greek bailout issue. Interest rates rose again in May, which proved to be a headwind for core intermediate bonds, which lost 0.2% during the month.

MARKET NEWS

- Crude oil prices were essentially flat in May, as trading stabilized following months of large swings; WTI crude rose a mere 1% compared to a 25% increase in April
- S&P 500 earnings are expected to be weak again in Q1 (-5.6%) given the strong dollar / weak oil dynamic; excluding the energy sector, S&P earnings are estimated to grow at 8.5%
- Yields on US Treasuries inched higher in May in response to mixed economic data, reflecting the market's expectation that the Fed will wait until September to increase rates

INDEX RETURNS & MARKET LEVELS^{1,2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	1.29%	0.64%	3.23%	11.81%
Russell 2000	<i>U.S. small cap</i>	2.28%	1.41%	3.98%	11.32%
MSCI EAFE	<i>Non-U.S. developed</i>	-0.51%	1.98%	8.60%	-0.48%
MSCI EM	<i>Emerging markets</i>	-4.00%	1.91%	5.69%	-0.01%

Fixed Income

Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	-0.24%	-0.14%	1.00%	3.03%
Barclays Municipal	<i>U.S. municipal</i>	-0.28%	-0.51%	0.21%	3.18%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	0.30%	0.96%	4.08%	1.84%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	-0.54%	1.89%	3.51%	0.72%

Alternatives

HFRX Global Hedge Fund	<i>Hedge funds</i>	0.26%	0.80%	2.55%	1.11%
Alerian MLP	<i>MLPs</i>	-3.58%	-1.95%	-2.97%	-7.40%
S&P U.S. REIT	<i>REITs</i>	-0.23%	-4.45%	-1.63%	10.14%
Bloomberg Commodity TR	<i>Commodities</i>	-2.70%	-2.40%	-3.23%	-24.55%

U.S. Economic Measures

U.S. GDP ³		-0.7%	<i>(Q1 2015, second est.)</i>
CPI-U ex Food & Energy ⁴	<i>"Core" inflation</i>	1.8%	<i>(4/30/2015)</i>
Unemployment Rate		5.5%	<i>(4/30/2015)</i>

	Levels		
	5/29/2015	12/31/2014	5/29/2014
Rates			
2yr U.S. Treasury	0.61%	0.67%	0.37%
10yr U.S. Treasury	2.12%	2.17%	2.45%
3mo LIBOR	0.28%	0.26%	0.23%
Prime Rate	3.25%	3.25%	3.25%
30yr Mortgage Fixed	4.07%	4.04%	4.31%

Commodities

Gold (\$/oz.)	1,191	1,206	1,255
Copper (\$/MT)	6,089	6,359	6,970
Oil-WTI (\$/barrel)	60.26	53.49	103.60
Corn (\$/bushel)	3.43	3.80	4.62

Currencies

Euro (\$/€)	1.10	1.21	1.36
Pound (\$/£)	1.53	1.56	1.67
Jap. Yen (¥/\$)	124.10	119.90	101.55

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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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