

MARKET COMMENTARY

Concerns over Greece exiting the euro and the Federal Reserve raising short-term interest rates were the dominant themes that impacted global markets during June. Stocks in developed economies, including the U.S. and Europe, sold off ahead of a June 30 deadline for Greece to make a €1.54 billion debt payment to its creditors. In the U.S., small cap stocks were the lone bright spot given their closer ties to the domestic economy, while income-oriented investments from bonds to utility stocks experienced losses as the Fed held the door open to raising rates later this year.

MARKET NEWS

- Despite a negative Q1 GDP estimate, J.P. Morgan believes that U.S. economic activity appears to be picking up in Q2, given the strongest consumer spending since August 2009 and a pickup in stronger housing market data

- Yields on U.S. Treasuries continued their rise throughout the month, resulting in their first quarterly loss since 2013 (e.g., the 10yr Treasury closed the month at 2.35%, its highest yield since November '14)

INDEX RETURNS & MARKET LEVELS^{1, 2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	-1.94%	0.28%	1.23%	7.42%
Russell 2000	<i>U.S. small cap</i>	0.75%	0.42%	4.75%	6.49%
MSCI EAFE	<i>Non-U.S. developed</i>	-2.83%	0.62%	5.52%	-4.22%
MSCI EM	<i>Emerging markets</i>	-2.60%	0.69%	2.95%	-5.12%

Fixed Income

Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	-1.09%	-1.68%	-0.10%	1.86%
Barclays Municipal	<i>U.S. municipal</i>	-0.09%	-0.89%	0.11%	3.00%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	-1.53%	-0.05%	2.49%	-0.55%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	-1.69%	-0.29%	1.76%	-1.57%

Alternatives

HFRX Global Hedge Fund	<i>Hedge funds</i>	-1.24%	-0.78%	1.27%	-1.06%
Alerian MLP	<i>MLPs</i>	-8.28%	-6.09%	-11.00%	-19.81%
S&P U.S. REIT	<i>REITs</i>	-4.54%	-10.35%	-6.10%	3.99%
Bloomberg Commodity TR	<i>Commodities</i>	1.73%	4.66%	-1.56%	-23.71%

U.S. Economic Measures

U.S. GDP ³		-0.2%	<i>(Q1 2015, third est.)</i>
CPI-U ex Food & Energy ⁴	<i>"Core" inflation</i>	1.7%	<i>(5/31/2015)</i>
Unemployment Rate		5.5%	<i>(5/31/2015)</i>

Levels

	6/26/2015	12/31/2014	6/26/2014
Rates			
2yr U.S. Treasury	0.72%	0.67%	0.46%
10yr U.S. Treasury	2.49%	2.17%	2.53%
3mo LIBOR	0.28%	0.26%	0.23%
Prime Rate	3.25%	3.25%	3.25%
30yr Mortgage Fixed	4.19%	4.04%	4.33%

Commodities

Gold (\$/oz.)	1,171	1,206	1,312
Copper (\$/MT)	5,731	6,359	6,937
Oil-WTI (\$/barrel)	59.67	53.49	105.80
Corn (\$/bushel)	3.77	3.80	4.37

Currencies

Euro (\$/€)	1.11	1.21	1.36
Pound (\$/£)	1.57	1.56	1.70
Jap. Yen (¥/\$)	123.95	119.90	101.56

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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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