

**MARKET COMMENTARY**

April was another positive month for global equities, with shares benefitting from the strong recovery in crude oil prices and the Federal Reserve's decision to again delay raising interest rates. Further, positive data out of China showed increases in industrial output, fixed asset investment, and retail sales. International developed equities benefitted the most from this backdrop, as did energy-related equities. A notable detractor during the month was the tech-laden Nasdaq, which has lost -4.6% in '16, as investors have repriced the sector based on earnings potential, not top-line revenue growth. Investment grade bonds were largely unchanged while high yield bonds delivered another strong month on further spread compression.

**MARKET NEWS**

- GDP in the U.S. is estimated to expand at 0.5% in Q1, its slowest gain in two years; 90% of the U.S. economy is growing at approximately 2.0%, but the decline in corporate capex and build-up of inventories continues to weigh down the economy (J.P. Morgan)
- The Federal Reserve decided against hiking interest rates, while the European and Japanese central banks declined to further reduce their already negative interest rates due to global growth headwinds and the potential for the UK to leave the EMU ("Brexit")
- With 88% of the S&P 500 having reported Q1 earnings, EPS is expected to decline by -6.3% YoY; much of this is due to a decline in energy company earnings, which could reverse in future quarters given recent stabilization in energy markets (J.P. Morgan)

**INDEX RETURNS & MARKET LEVELS<sup>1,2</sup>**

	Description	Month	3 Months	YTD	1yr
<b>Equities</b>					
S&P 500	<i>U.S. large cap</i>	0.39%	7.06%	1.74%	1.21%
Russell 2000	<i>U.S. small cap</i>	1.57%	9.67%	0.03%	-5.94%
MSCI EAFE	<i>Non-U.S. developed</i>	2.90%	7.58%	-0.20%	-9.32%
MSCI EM	<i>Emerging markets</i>	0.54%	13.66%	6.29%	-17.87%
<b>Fixed Income</b>					
Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	0.38%	2.02%	3.43%	2.72%
Barclays Municipal	<i>U.S. municipal</i>	0.74%	1.21%	2.42%	5.29%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	4.00%	9.10%	7.37%	-1.34%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	1.91%	7.44%	7.23%	4.30%
<b>Alternatives</b>					
HFRX Global Hedge Fund	<i>Hedge funds</i>	0.41%	1.33%	-1.47%	-7.18%
Alerian MLP	<i>MLPs</i>	11.04%	19.71%	6.42%	-28.71%
S&P U.S. REIT	<i>REITs</i>	-2.52%	7.34%	3.63%	7.78%
Bloomberg Commodity TR	<i>Commodities</i>	8.51%	10.82%	8.96%	-17.46%
<b>U.S. Economic Measures</b>					
U.S. GDP <sup>3</sup>		0.5%	<i>(Q1 2016, advance est.)</i>		
CPI-U ex Food & Energy <sup>4</sup>	<i>"Core" inflation</i>	2.2%	<i>(3/31/2016)</i>		
Unemployment Rate		5.0%	<i>(3/31/2016)</i>		
<b>Levels</b>					
		<b>4/29/2016</b>	<b>12/31/2015</b>	<b>4/29/2015</b>	
<b>Rates</b>					
2yr U.S. Treasury		0.77%	1.06%	0.56%	
10yr U.S. Treasury		1.83%	2.27%	2.06%	
3mo LIBOR		0.64%	0.61%	0.28%	
Prime Rate		3.50%	3.50%	3.25%	
30yr Mortgage Fixed		3.85%	4.19%	3.85%	
<b>Commodities</b>					
Gold (\$/oz.)		1,286	1,060	1,209	
Copper (\$/MT)		5,045	4,702	6,103	
Oil-WTI (\$/barrel)		45.96	37.13	58.55	
Nat. Gas (\$/mcf)		1.91	2.28	2.56	
Corn (\$/bushel)		3.81	3.49	3.56	
<b>Currencies</b>					
Euro (\$/€)		1.15	1.09	1.12	
Pound (\$/£)		1.46	1.47	1.55	
Jap. Yen (¥/\$)		107.00	120.30	118.96	

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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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