

MARKET COMMENTARY

Domestic equities continued to stabilize during May following a volatile Q1. Results were led by technology stocks, which have lagged recently due to a rotation away from growth in favor of more defensive stocks. International developed and emerging market equities were negative, as a strengthening dollar coupled with the "Brexit" vote in June weighed on stock prices abroad. Further gains in employment and a firming oil market likely factored into the Federal Reserve hinting that a June rate hike could be in the cards. Interest rates jumped at the news, though ended the month largely unchanged. Bonds were largely flat during the month, as credit markets cooled after three months of solid gains.

MARKET NEWS

- Federal Reserve members turned hawkish mid-month, hinting that the conditions to support a policy change as laid out in the April meeting minutes have been met (strengthening economy, increase in jobs, and inflation trending to 2%)

- West TX Intermediate (WTI) crude prices closed the month just shy of \$50/barrel; this level was last seen in November '15 and represents a 33% gain in price on the year and a nearly 50% gain from the February lows

INDEX RETURNS & MARKET LEVELS^{1,2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	1.80%	9.12%	3.57%	1.72%
Russell 2000	<i>U.S. small cap</i>	2.25%	12.15%	2.28%	-5.97%
MSCI EAFE	<i>Non-U.S. developed</i>	-0.91%	8.59%	-1.10%	-9.68%
MSCI EM	<i>Emerging markets</i>	-3.73%	9.60%	2.32%	-17.63%

	Description	Month	3 Months	YTD	1yr
Fixed Income					
Barclays U.S. Aggregate	<i>U.S. core inv. grade</i>	0.03%	1.33%	3.45%	2.99%
Barclays Municipal	<i>U.S. municipal</i>	0.27%	1.33%	2.70%	5.87%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	0.72%	9.38%	8.15%	-0.92%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	-0.30%	5.00%	6.91%	4.55%

	Description	Month	3 Months	YTD	1yr
Alternatives					
HFRX Global Hedge Fund	<i>Hedge funds</i>	0.46%	2.12%	-1.02%	-6.99%
Alerian MLP	<i>MLPs</i>	2.53%	23.33%	9.11%	-24.20%
S&P U.S. REIT	<i>REITs</i>	2.21%	10.04%	5.92%	10.42%
Bloomberg Commodity TR	<i>Commodities</i>	-0.19%	12.45%	8.76%	-15.32%

U.S. Economic Measures

U.S. GDP ³		0.8%	<i>(Q1 2016, second est.)</i>
CPI-U ex Food & Energy ⁴	<i>"Core" inflation</i>	2.1%	<i>(4/30/2016)</i>
Unemployment Rate		5.0%	<i>(4/30/2016)</i>

	Levels		
	5/27/2016	12/31/2015	5/27/2015
Rates			
2yr U.S. Treasury	0.90%	1.06%	0.64%
10yr U.S. Treasury	1.85%	2.27%	2.14%
3mo LIBOR	0.67%	0.61%	0.28%
Prime Rate	3.50%	3.50%	3.25%
30yr Mortgage Fixed	3.85%	4.19%	4.07%

Commodities

Gold (\$/oz.)	1,216	1,060	1,186
Copper (\$/MT)	4,726	4,702	6,085
Oil-WTI (\$/barrel)	49.36	37.13	57.57
Nat. Gas (\$/mcf)	1.79	2.28	2.82
Corn (\$/bushel)	4.00	3.49	3.40

Currencies

Euro (\$/€)	1.11	1.09	1.09
Pound (\$/£)	1.46	1.47	1.53
Jap. Yen (¥/\$)	109.86	120.30	123.78

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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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