

MARKET COMMENTARY

Global equities were generally positive in March, though results were mixed in the U.S. as investor sentiment waned on Speaker Ryan's inability to move President Trump's healthcare legislation through the House. Growth stocks continued to outperform, with cyclical and technology shares adding to recent gains as investors sought growth wherever they could find it. The outperformance of international stocks continued, reflecting general bullish sentiment as well further improvements in economic and corporate fundamentals. In a widely expected action, the Federal Reserve increased interest rates during the month, negatively impacting fixed income markets and causing losses in many investment grade bonds.

MARKET NEWS

- The Federal Reserve's Open Market Committee voted to increase short-term interest rates by 0.25% to a range of 0.75-1.00%; the Fed's near-term outlook for interest rates remained unchanged with median estimates of 1.25-1.50% by year-end
- The failure of Speaker Ryan to get a bill through the House to repeal and replace the ACA was viewed by the markets as a setback, though investors are now focused on the Brady-Mnuchin tax plan, which appears to have more broad-based support in Congress
- Home prices in the U.S. increased in January at the fastest rate in nearly three years, per data from the S&P CoreLogic Case-Shiller Indices; the gains were driven by accelerating job growth, limited home supply, and demand from the growing 30+ age demographic

INDEX RETURNS & MARKET LEVELS^{1, 2}

	Description	Month	3 Months	YTD	1yr
Equities					
S&P 500	<i>U.S. large cap</i>	0.12%	6.07%	6.07%	17.17%
Russell 2000	<i>U.S. small cap</i>	0.13%	2.47%	2.47%	26.22%
MSCI EAFE	<i>Non-U.S. developed</i>	2.75%	7.25%	7.25%	11.67%
MSCI EM	<i>Emerging markets</i>	2.52%	11.44%	11.44%	17.21%

Fixed Income					
Bberg Barclays US Aggregate	<i>U.S. core inv. grade</i>	-0.05%	0.82%	0.82%	0.44%
Bberg Barclays Municipal	<i>U.S. municipal</i>	0.22%	1.58%	1.58%	0.15%
BofAML High Yield Master II	<i>U.S. sub inv. grade</i>	-0.21%	2.71%	2.71%	16.88%
JPMorgan EMBI Global TR	<i>Emerging markets</i>	0.35%	3.90%	3.90%	8.82%

Alternatives					
HFRX Global Hedge Fund	<i>Hedge funds</i>	0.03%	1.66%	1.66%	6.19%
Alerian MLP	<i>MLPs</i>	-1.30%	3.95%	3.95%	28.32%
S&P U.S. REIT	<i>REITs</i>	-2.71%	0.58%	0.58%	2.64%
Bloomberg Commodity TR	<i>Commodities</i>	-2.66%	-2.33%	-2.33%	8.71%

U.S. Economic Measures

U.S. GDP ³		2.1%	(Q4 2016, third est.)
CPI-U ex Food & Energy ⁴	<i>"Core" inflation</i>	2.2%	(2/28/2017)
Unemployment Rate		4.7%	(2/28/2017)

	Levels		
	3/31/2017	12/30/2016	3/31/2016
Rates			
2yr U.S. Treasury	1.27%	1.20%	0.73%
10yr U.S. Treasury	2.40%	2.45%	1.78%
30yr U.S. Treasury	3.02%	3.06%	2.61%
3mo LIBOR	1.15%	1.00%	0.63%
Prime Rate	4.00%	3.75%	3.50%
30yr Mortgage Fixed	4.33%	4.39%	3.94%

Commodities

Gold (\$/oz.)	1,245	1,146	1,237
Oil-WTI (\$/barrel)	50.56	53.75	36.94
Nat. Gas (\$/mcf)	3.10	3.71	1.98
Copper (\$/MT)	5,849	5,501	4,856
Corn (\$/bushel)	3.45	3.33	3.42

Currencies

Euro (\$/€)	1.07	1.05	1.14
Pound (\$/£)	1.25	1.24	1.44
Jap. Yen (¥/\$)	111.43	116.64	112.40

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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