

MARKET INSIGHTS

Weekly Market Recap

U.S. | June 4, 2018

The week in review

- Consumer confidence at 128.0
- 1Q18 GDP second est. +2.2% q/q saar
- ADP/BLS: +178K/+223K nonfarm payrolls
- Unemployment rate at 3.8%
- ISM/Markit mfg. PMIs: 58.7/56.4
- Headline/Core PCE: 2.0%/1.8%

The week ahead

- Job openings & Trade balance
- Markit/ISM Services PMIs

Thought of the week

Politics dominated the headlines last week, with the announcement of new governments in Italy and Spain and the implementation of steel and aluminum tariffs by the U.S. In Italy, Five Star Movement and Northern League were able to form a coalition government following the Italian president's decision to veto the populist parties' nomination for finance minister given his traditionally Eurosceptic views. This suggests that the Italian president is focused on avoiding breaks with Europe, and minimizes the risk that Italy leaves the eurozone. In Spain, Prime Minister (PM) Rajoy was ousted following a no-confidence vote, leading to the appointment of a new, socialist PM who will likely rule for two years as no new elections have not been announced. Finally, U.S. tariffs on steel and aluminum were put in place on some of our largest trading partners, including Canada, Mexico and the European Union. Initial reactions point to retaliation, but importantly, the magnitude of these tariffs remains minimal. While political developments have led to a spike in volatility, over the long term, markets are driven by fundamentals. The key for investors is to separate the signal from the noise - one cannot ignore political developments, but with global economic growth looking solid and profits continuing to rise, we maintain our view that the path of least resistance for risk assets remains higher and believe that investors should position accordingly.

Please see important disclosure on next page.

WEEKLY DATA CENTER

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	2735	0.54	3.93	3.14	14.75	37.87
Dow Jones 30	24635	-0.38	2.71	0.69	19.21	47.19
Russell 2000	4096	1.32	7.93	7.84	19.57	37.53
Russell 1000 Growth	956.32	1.05	6.07	7.57	21.63	49.30
Russell 1000 Value	738.87	0.04	1.77	-1.11	8.14	24.95
MSCI EAFE	1992	-0.97	0.55	-0.87	8.55	16.05
MSCI EM	1130	-0.51	-3.10	-1.68	15.04	22.17
NASDAQ	7554	1.65	7.17	9.95	22.22	53.88

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	3.28	0.16	-0.39	-1.85	-0.64	4.35
U.S. Corporates	3.96	0.04	-0.80	-3.10	-0.27	8.51
Municipals (10yr)	2.61	0.40	0.76	-0.87	0.42	8.51
High Yield	6.60	0.07	0.71	-0.15	2.33	15.44

Key Rates	Levels (%)					
	6/1/18	5/25/18	3/30/18	12/29/17	6/1/17	6/1/15
2-yr U.S. Treasuries	2.47	2.48	2.27	1.89	1.28	0.64
10-yr U.S. Treasuries	2.89	2.93	2.74	2.40	2.21	2.19
30-yr U.S. Treasuries	3.04	3.09	N/A	2.74	2.87	2.94
10-yr German Bund	0.37	0.39	0.49	0.43	0.30	0.54
3-mo. LIBOR	2.32	2.32	2.31	1.69	1.22	0.28
3-mo. EURIBOR	-0.32	-0.32	-0.33	-0.33	-0.33	-0.01
6-mo. CD rate	0.56	0.55	0.54	0.48	0.40	0.37
30-yr fixed mortgage	4.84	4.84	4.69	4.25	4.17	4.02
Prime Rate	4.75	4.75	4.75	4.50	4.00	3.25

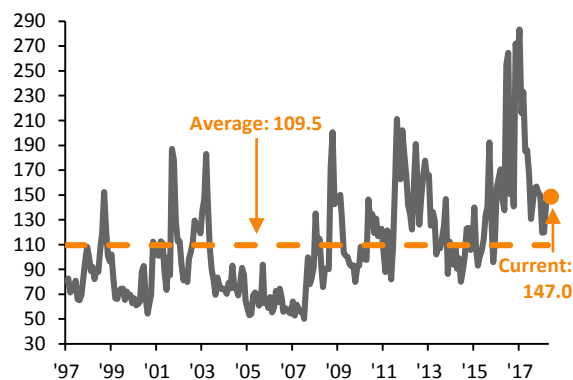
Index Characteristics	Levels			
	NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
	16.38	3.24	1.93	49.83
	15.59	3.95	2.11	N/A
	23.12	2.16	N/A	1.39
	19.85	6.64	N/A	23.65
	13.92	2.02	N/A	34.50
	13.90	1.65	3.15	21.31
	11.79	1.71	2.44	15.59
	22.02	4.39	1.00	5.02

Currencies	Levels		
	6/1/18	12/29/17	6/1/17
\$ per €	1.17	1.20	1.12
\$ per £	1.33	1.35	1.29
¥ per \$	109.57	112.65	111.25

Commodities	Levels		
	6/1/18	12/29/17	6/1/17
Oil (WTI)	65.83	60.46	48.32
Gasoline	2.96	2.47	2.41
Natural Gas	2.90	3.69	3.05
Gold	1295	1291	1265
Silver	16.42	16.87	17.13
Copper	6814	7157	5637
Corn	3.64	3.19	3.47
BBG Idx	185.94	179.96	167.23

CHART OF THE WEEK

Economic policy uncertainty remains elevated
Global Economic Policy Uncertainty index, level

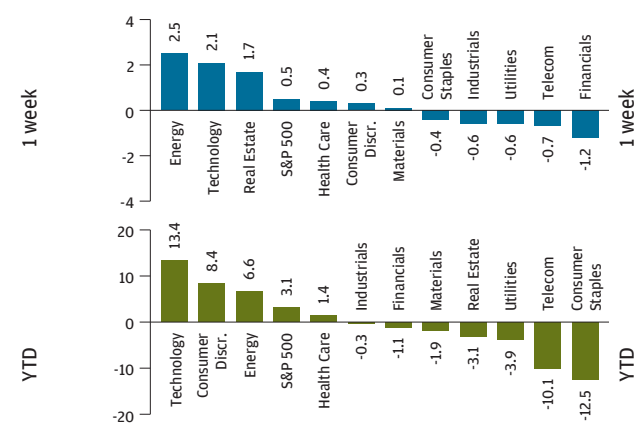


STYLE RETURNS

	V	B	G
L	0.0	0.5	1.0
M	0.1	0.4	0.7
S	1.0	1.3	1.7

	V	B	G
L	-1.1	3.1	7.6
M	-0.4	2.5	6.3
S	5.6	7.8	10.0

S&P 500 SECTOR RETURNS



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Chart of the Week: Source: www.policyuncertainty.com, J.P. Morgan Asset Management. The Economic Policy Uncertainty Index is a GDP-weighted average of national EPU indices for 19 countries: Australia, Brazil, Canada, Chile, China, France, Germany, India, Ireland, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Sweden, the United Kingdom, and the United States. Data are as of 6/1/2018.

Thought of the week: Source: www.policyuncertainty.com, J.P. Morgan Asset Management. The Economic Policy Uncertainty Index is a GDP-weighted average of national EPU indices for 19 countries: Australia, Brazil, Canada, Chile, China, France, Germany, India, Ireland, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Sweden, the United Kingdom, and the United States. Data are as of 6/1/2018.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Barclays US Aggregate; provided by: Barclays Capital. Index: Barclays Investment Grade Credit; provided by: Barclays Capital. Index: Barclays Municipal Bond 10 Yr; provided by: Barclays Capital. Index: Barclays Capital High Yield Index; provided by: Barclays Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the

performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

Past performance does not guarantee future results.

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Unless otherwise stated, all data is as of June 4, 2018 or as of most recently available.