

Global Overview

- **Markets** were generally positive in April, despite the continuation of volatility. Strong economic data from the world's largest economies helped reassure investors concerned about increasing trade tensions, geopolitical uncertainty, and a rise in inflation. Energy prices rallied as well, with oil approaching multi-year highs as supply imbalances receded and several key oil producers signaled they were comfortable with prices above their current levels. Politics also boosted oil, as the United States took retaliatory action against the Syrian regime for use of chemical weapons, and the U.S. began to hint that it may exit the deal over Iran's nuclear program.
- **Developed markets** – U.S. first quarter economic performance was slightly above expectations, but grew at a lower rate compared to the end of 2017. Europe performed well, driven by a combination of continued gradual reduction of monetary stimulus and increased M&A activity. Weakness in the yen helped Japanese equities finish April in positive territory.
- **Emerging Markets** – Emerging markets declined. The dollar strengthened in April, and several emerging economies were negatively impacted as global liquidity began to tighten. The prospect of de-escalation on the Korean peninsula helped equity markets in Seoul outpace the index. Russian markets fell sharply as additional sanctions were leveled by Western countries against key industries and individuals.

U.S. Economy and Markets

- The S&P 500 Index gained 0.4% in April. Six out of 11 sectors were positive for the month.
 - Energy, Consumer Discretionary, and Utilities were the strongest performing sectors. Consumer Staples, Industrials, and Telecomm Services were the weakest performing sectors.
- Small cap stocks posted positive gains in April, outpacing large cap stocks. Value stocks led growth across all market capitalization ranges with the exception of large cap, where the styles performed roughly inline.
- The Russell 2000 Index gained 0.9%. Seven out of 11 sectors were positive.
 - Energy, Utilities, and Consumer Staples were strongest performing sectors. Telecommunications, Biotech, and Producer Durables were the weakest performing sectors.
- Payrolls increased by 164,000 in April, somewhat below consensus expectations, while the unemployment rate reached its lowest levels since 2000, dropping to 3.9%. Much of the drop was attributable to a reduction in the labor force. Wage growth and productivity continued to show few signs of accelerating. Employment increased in business services, manufacturing, and healthcare.



- The Consumer Confidence Index increased in April. The Index stands at 128.7 vs. 127.7 in March. Consumers' views of current conditions increased from March, as did assessments of business conditions. Long term outlooks remained solid, indicating consumers continue to expect economic growth throughout 2018.
- The 10-year Treasury yield broke through 3.0% in April, a level not reached since 2014, before falling back slightly to finish the month at 2.96%. Investment grade corporate spreads fell with the increase in Treasury yields, reaching as low as 1.10% before closing April at 1.14%. High-yield spreads contracted as well, falling nearly 30 basis points relative to Treasury rates.
- The Bloomberg Barclays Aggregate Index dropped 0.7% for the month, while Corporate Bonds lost 0.9%, and the Bloomberg Barclays U.S. High Yield Index advanced 0.7%.

International Markets

- In April the MSCI EAFE Index posted a gain of 2.3%. As in March, Europe was stronger on a relative basis than Japan. Singapore, Italy, and the United Kingdom posted the largest gains. Belgium, Denmark, and Austria were the weakest performing countries in the Index. Small cap stocks underperformed large cap EAFE stocks, with the MSCI EAFE Small Cap gaining 1.4% in dollar terms.
- By style, international developed market value stocks did better than growth. The MSCI EAFE Value Index gained 3.1%, while the MSCI EAFE Growth Index rose 1.5%.
- The MSCI Japan Index gained 0.7%, while Asia excluding Japan rose by a similar amount. The Europe-wide index advanced 2.8%, and the United Kingdom had a strong month, gaining 4.8%.
- Emerging markets declined in April, with the MSCI Emerging Markets Index dropping 0.4%. Turkey, Russia, and Pakistan underperformed the most, while Greece, Columbia, and Qatar were the strongest performing countries.
- MSCI's China Index was slightly negative, while mainland Chinese equities (A Shares) dropped 4.2%.
- Frontier countries followed emerging markets in declining during April. The MSCI Frontier Markets Index retreated 3.1%. Vietnam, Kenya, and Bahrain were the weakest performing countries.



Looking Ahead

- Focus is expected to increasingly shift to politics as midterm elections draw closer in the United States. Generally, the sitting President's party fares poorly in such elections, and results for special elections held over the past few months indicate this year will not be an exception. Investors will be watching to see if the current Congress produces any significant policy during the remainder of its term, particularly regarding infrastructure.
- Geopolitical concerns continue around the world. Investors will be watching for continued signs of progress following a historic summit between the Koreas in April, along with increasing signs of tension in Middle East. Of particular concern will be the future of the nuclear agreement between Iran and major world powers. The most recent round of talks between the U.S. and China failed to produce any clear breakthroughs to reduce trade tensions.
- Central banks will play a prominent role throughout 2018, as they will now have to navigate both widespread signs of sustained global growth and increasing inflation, along with potential trade wars among the largest economies. The Bank of Japan has signaled its monetary support will remain in place, although longer dated bond purchases have been reduced. Investors will be watching how a higher yen impacts BOJ policy, given its prominent role in depressing global yields. The Federal Reserve will have to balance the relative strength of the dollar, the possibility of higher energy prices, and the impacts of trade restrictions against a continued strong economic outlook in the U.S.

Economic Indicators

	GDP				Unemployment Rate	Interest Rates	Exchange Rates per US \$	
	Latest	Qtr.	2018 ^A	2019 ^A	(Most recently available)	Sovereign Bonds, 10 Year ^B	Current	1 Year Ago
United States	2.60	2.90	2.80	2.50	4.10	2.96	-	-
China	6.80	5.70	6.60	6.40	3.90	3.65	6.33	6.90
Japan	2.00	1.60	1.50	1.20	2.50	0.04	109.12	111.13
United Kingdom	1.40	1.60	1.50	1.50	4.20	1.41	1.38	1.29
Euro Area	2.80	2.70	2.40	2.10	8.50	1.17	1.21	1.09
Germany	2.90	2.40	2.50	2.20	3.50	0.56	1.21	1.09
France	2.50	2.80	2.20	1.90	8.90	0.78	1.21	1.09
Italy	1.60	1.30	1.50	1.30	10.90	1.79	1.21	1.09
Canada	2.90	1.70	2.20	1.90	5.80	2.31	1.29	1.37
India	7.20	6.60	7.20	7.50	6.20	7.77	65.63	64.54
Mexico	1.50	3.20	2.10	2.40	3.30	7.50	18.67	19.12
Brazil	2.10	0.20	2.70	2.90	12.60	9.67	3.47	3.19

A. *The Economist* or The Economist Intelligence Unit estimate/forecast

B. Most recently available data

Sources: Standard and Poor's, FTSE/Russell, Morgan Stanley Capital International (MSCI), Bloomberg, Citigroup, St. Louis Federal Reserve, The Conference Board, and *The Economist*



OBJECTIVE

DeMarche Dashboard

Data and Commentary for Periods Ended 4/30/18

April 2018

Page 4 of 4

Capital Markets Overview

	TRAILING			ANNUALIZED			
	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market							
MSCI World NR USD	1.15	-5.15	-0.15	13.22	7.55	9.28	5.48
BBgBarc US Agg Bond TR USD	-0.74	-1.05	-2.19	-0.32	1.07	1.47	3.57
Russell 3000 TR USD	0.38	-5.26	-0.27	13.05	10.20	12.75	9.13
DJ Industrial Average TR USD	0.34	-7.09	-1.63	18.09	13.44	12.96	9.39
NASDAQ Composite PR USD	0.03	-4.66	2.36	16.84	12.66	16.25	11.34
MSCI EAFE NR USD	2.28	-4.09	0.72	14.51	4.94	5.90	2.43
Citi Treasury Bill 3 Mon USD	0.13	0.37	0.48	1.16	0.54	0.34	0.31
Bloomberg Commodity TR USD	2.58	0.18	2.17	8.02	-4.18	-7.32	-7.80
Domestic Equities							
S&P 500 TR USD	0.38	-5.77	-0.38	13.27	10.57	12.96	9.02
S&P MidCap 400 TR	-0.26	-3.80	-1.03	9.77	9.41	11.77	10.05
S&P SmallCap 600 TR USD	1.03	-0.90	1.60	12.82	12.02	13.85	11.03
Russell 1000 TR USD	0.34	-5.54	-0.35	13.17	10.25	12.84	9.10
Russell 1000 Growth TR USD	0.35	-4.96	1.77	18.96	12.84	15.13	10.81
Russell 1000 Value TR USD	0.33	-6.14	-2.51	7.50	7.66	10.52	7.30
Russell Mid Cap TR USD	-0.15	-4.22	-0.61	11.17	8.28	11.77	9.48
Russell Mid Cap Growth TR USD	-0.94	-4.21	1.21	16.87	9.08	12.76	9.74
Russell Mid Cap Value TR USD	0.50	-4.22	-2.02	6.83	7.81	10.97	9.22
Russell 2000 TR USD	0.86	-1.79	0.78	11.54	9.64	11.74	9.49
Russell 2000 Growth TR USD	0.10	-1.44	2.40	16.60	9.89	13.07	10.41
Russell 2000 Value TR USD	1.73	-2.16	-0.95	6.53	9.27	10.36	8.46
International Equities							
MSCI ACWI Ex USA NR USD	1.60	-4.90	0.40	15.91	5.01	5.46	2.26
MSCI EAFE NR USD	2.28	-4.09	0.72	14.51	4.94	5.90	2.43
MSCI EAFE Growth NR USD	1.51	-4.00	0.45	15.79	5.95	6.58	3.10
MSCI EAFE Value NR USD	3.08	-4.18	0.99	13.27	3.85	5.14	1.69
MSCI Japan NR USD	0.67	-2.94	1.51	19.19	7.35	7.25	3.44
MSCI AC Asia Ex Japan NR USD	0.71	-5.75	1.38	24.01	6.96	7.97	4.77
MSCI Europe NR USD	2.77	-4.44	0.73	13.65	4.26	6.05	1.88
MSCI United Kingdom NR USD	4.83	-2.21	0.76	14.93	2.43	4.22	2.12
MSCI EAFE Small Cap NR USD	1.36	-3.34	1.60	20.03	11.08	10.61	6.38
MSCI EM NR USD	-0.44	-6.80	0.97	21.71	6.00	4.74	2.17
Fixed Income							
BBgBarc US Govt/Credit TR USD	-0.85	-1.28	-2.42	-0.30	1.12	1.41	3.62
BBgBarc US Govt/Credit Interm TR USD	-0.52	-0.62	-1.50	-0.79	0.78	1.02	2.94
BBgBarc US Govt/Credit Long TR USD	-1.94	-3.47	-5.45	1.47	2.29	2.89	6.58
ICE BofAML US HY Master II TR USD	0.67	-0.89	-0.25	3.21	4.99	4.76	7.75
Credit Suisse HY USD	0.58	-0.86	-0.27	3.06	4.90	4.63	7.46
S&P/LSTA Leveraged Loan TR	0.41	0.90	1.87	4.41	4.03	3.86	5.28
Citi WGBI NonUSD USD	-2.44	-1.29	1.88	8.42	3.52	0.63	1.94
BBgBarc Gbl Agg Ex USD TR USD	-2.27	-1.71	1.27	7.68	3.09	0.44	1.91
REITs							
FTSE NAREIT All REITs TR	0.55	-3.01	-6.15	-0.91	4.96	5.44	6.46
Wilshire US REIT TR USD	1.40	-2.45	-6.19	-2.23	3.45	5.08	5.74

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

This report has been distributed for informational purposes only. Data has been obtained from sources believed to be reliable, but not guaranteed. Reproduction of this report requires express written permission of DeMarche Associates, Inc. Copyright 2018 DeMarche Associates, Inc.



DeMarche

For Institutional Use Only

GUIDE