

Domestic markets finished March somewhat mixed, as political uncertainty in Washington appears to have tempered investors' hope that there would be a swift adoption of pro-business policies under the new administration. The long awaited Republican health-care bill failed before it ever really got started and highlighted the stark difference between political promises and legislative achievements. Investors now appear to worry that two other pillars of the new administration's agenda – tax reform and infrastructure – could face similar difficulties. Nonetheless, the U.S. economy seems to be showing several positive signs of late. In March, a key indicator of manufacturing activity expanded for a seventh-consecutive month, consumer sentiment rose, and average hourly wages increased. The unemployment rate now stands at 4.7% following three years of average monthly gains of 225,000 jobs.

After five straight quarters of declining profits, the S&P 500 companies are expected to report first quarter earnings growth of +9.1% YoY, led largely by a rebound in the Energy sector which is expected to represent more than one-third of the total index's earnings growth. The technology sector is also expected to display healthy earnings growth going forward, which has led to the sector's continued outperformance versus the broader stock market (+2.6% MTD & +12.6% YTD) and has contributed to the outperformance seen in the NASDAQ Composite (+1.5% MTD & +9.8% YTD). The S&P 500 was flat for the month (+0.0% MTD), while the Dow Jones Industrial Average (-0.7% MTD) and Russell 2000 (-0.1% MTD) finished in negative territory. Each of the major U.S. indices were positive through the first quarter, led by the NASDAQ (+9.8% YTD), S&P 500 (+5.5% YTD), and DJIA (+4.6% YTD). For the month, eight of the eleven sectors were negative, led by the

March 2017 Market Watch

	Date	1 Week Ago		1 Month Ago		1 Year Ago		YTD
	3/31/2017	3/24/2017	% chg	2/28/2017	% chg	3/31/2016	% chg	Return *
DJIA	20,663.2	20,596.7	0.3%	20,812.2	-0.7%	17,685.1	16.8%	4.6%
S&P 500	2,362.7	2,344.0	0.8%	2,363.6	0.0%	2,059.7	14.7%	5.5%
NYSE Comp Index	11,492.9	11,418.9	0.6%	11,512.4	-0.2%	10,207.4	12.6%	3.9%
NASDAQ Composite	5,911.7	5,828.7	1.4%	5,825.4	1.5%	4,869.9	21.4%	9.8%
Russell 2000	1,385.9	1,354.6	2.3%	1,386.7	-0.1%	1,114.0	24.4%	2.1%

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	3/31/2017	3/24/2017	% chg	2/28/2017	% chg	3/31/2016	% chg	Return *
Japan Nikkei 225	18,909.3	19,262.5	-1.8%	19,119.0	-1.1%	16,758.7	12.8%	-1.1%
MSCI EM (Emerging Markets)	958.4	969.1	-1.1%	936.4	2.3%	836.8	14.5%	11.1%
MSCI EAFE	1,793.0	1,797.7	-0.3%	1,753.1	2.3%	1,652.0	8.5%	6.5%
FTSE 100	7,322.9	7,336.8	-0.2%	7,263.4	0.8%	6,174.9	18.6%	3.7%
SSE Composite Index	3,222.5	3,269.5	-1.4%	3,241.7	-0.6%	3,003.9	7.3%	3.8%

US Equity Sector Performance

	March	YTD	1-yr ret.
Consumer Discretionary	2.1%	8.4%	13.2%
Consumer Staples	-0.3%	6.4%	6.2%
Energy	-1.0%	-6.7%	14.3%
Financials	-2.8%	2.5%	32.6%
Health Care	-0.4%	8.4%	11.6%
Industrials	-0.7%	4.6%	18.4%
Information Tech	2.6%	12.6%	24.9%
Materials	0.5%	5.9%	19.2%
Telecom	-1.1%	-4.0%	1.7%
Utilities	-0.2%	6.4%	7.1%
Real Estate Investment Trusts	-1.0%	3.4%	2.2%

US Equity Style Performance

	March	YTD	1-yr ret.
Dow Jones Utilities	-0.8%	5.7%	4.3%
AMEX DJ TRANS Avg.	-3.1%	1.1%	16.5%
Russell 1000 Value	-1.0%	3.3%	19.2%
Russell 1000 Growth	1.2%	8.9%	15.8%
Russell 2000 Value	-0.8%	-0.1%	29.4%
Russell 2000 Growth	1.2%	5.3%	23.0%

Financial sector (-2.8% MTD). For the quarter, the Energy (-6.7% YTD) and Telecom (-4.0% YTD) sectors were the only two sectors with price declines. International markets were also largely mixed in March. The MSCI Emerging Markets (+2.3% MTD) and MSCI EAFE (+2.3% MTD), which consists of developed markets outside of the U.S. and Canada, indices were the best performers for the month. Japan's Nikkei 225 (-1.1%) was this month's laggard.

The yield curve flattened again in March, as short term rates rose while long term rates remained unchanged. Bond prices move inversely to bond yields, therefore an increase in bond yields results in a decline in bond prices and vice versa. The yield on the 3-Month U.S. Treasury bill increased fourteen basis points to 0.75%, while the yield on the 10-Year U.S. Treasury bond remained at 2.39%. In March, the Federal Reserve raised interest rates for the first time in 2017 due to the improvements it is seeing in the U.S. economy. The Federal Reserve has previously stated that it estimates there will be three rate increases throughout the year.

The Bloomberg Commodity Index declined during the month (-2.7% MTD) due in large part to a selloff in crude oil (-6.3% MTD), which finished March at \$50.60 per barrel. Lastly, March saw weakness in the U.S. dollar (-0.9% MTD), which declined to reach a four-month low. A strong U.S. dollar makes exports more expensive to foreign purchasers and weakens corporate profits earned outside of the U.S. Approximately one-third of the earnings for the companies that make up the S&P 500 come from outside of the United States.

By Troy Renauld
Equity Research Analyst, IMG

Bond Markets (%)

	3/31/2017	1 Mth Ago	1 Yr. Ago
US Benchmark Bond - 3 Month	0.75	0.61	0.21
US Benchmark Bond - 6 Month	0.90	0.75	0.39
US Benchmark Bond - 2 Year	1.26	1.26	0.72
US Benchmark Bond - 5 Year	1.92	1.93	1.21
US Benchmark Bond - 10 Year	2.39	2.39	1.77
US Benchmark Bond - 30 Year	3.01	3.00	2.61

US Bond Sector Performance

	March	YTD	1-Year Return
Barclays U.S. Aggregate Govt. Interm. TR	0.0%	-0.7%	-0.7%

Exchange Rates (Rate per US dollar)

	3/31/2017	1 month Ago	1 Year Ago
Canadian Dollar	1.334	1.324	1.293
Mexican New Peso	18.834	19.993	17.138
Euro	0.935	0.941	0.878
British Pound	0.800	0.804	0.696
Swiss Franc	1.001	1.001	0.958
Chinese Yuan	6.892	6.869	6.468
Indian Rupee	64.935	66.719	66.223
Japanese Yen	111.430	111.885	112.395

Commodities (In US dollars)

	3/31/2017	1 Mth Ago	1 Yr. Ago
Gold	1,251.20	1,253.90	1,235.60
Crude Oil	50.60	54.01	38.34
US Dollar Index	100.22	101.13	94.58
DJ UBS Commodity IDX	85.35	87.74	78.83

Interest Rates (%)

	3/31/2017	1 Mth Ago	1 Yr. Ago
PRIME RATE	4.00	3.75	3.50
FEDERAL FUNDS RATE	0.91	0.66	0.38
LIBOR RATE 30 DAY	0.16	0.16	0.16
LIBOR RATE 3 MONTHS	0.23	0.23	0.23
30YR FIXED MORTGAGE	4.14	4.10	3.71

Economic Sentiment

	3/31/2017	1 Yr. Ago
Unemployment Rate	4.70%	5.00%
Average Single Family Home (\$)	270,800	265,100
Capacity Utilization	75.87%	75.38%

*Performance for world indices represents price returns (excluding dividends) for the DJIA, S&P 500, NASDAQ, Russell 2000, MSCI EM, MSCI EAFE, NYSE, SSE, and Nikkei, due to data availability.

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