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- The S&P 500, including dividends, posted its fifth straight monthly gain, helping equities ring in their eighth year in this current bull market on March 9th and marking the second longest bull market since World War II.
- U.S. oil prices retreated 7% in March to \$50.60/barrel, the largest monthly decline since July 2016.
- Major metal prices rose for a fifth quarter, led by palladium (+17%), silver (+15%), and gold (+8.4%). Falling oil and grain prices pushed the Bloomberg Commodities Index down 2.3% in the first quarter.

Best Quarter Since 2015 – The S&P 500 surged just over 6% in first three months of this year, its strongest quarterly performance since the fourth quarter of 2015. Benefiting from a double-digit rally in technology shares, the NASDAQ Composite performed the best among major U.S. averages, returning 10.13% for its best three month gain since 2013. Meanwhile, the Dow Industrials rose 5.19% for its sixth consecutive quarterly gain, representing its longest winning streak since the end of 2006. The quarter was characterized by gains associated with President Trump’s pro-growth policies and backed by a strengthening economy considered strong enough to withstand a ¼-point Fed rate hike on March 15th. Investor optimism was also bolstered by a solid recovery in corporate earnings, up 9.3% according to the Commerce Department, the most since 2012. Notwithstanding a fade in momentum in early March (as doubts intensified whether or not Republicans could deliver legislative passage of the President’s ambitious plans), well over 65% of companies in the S&P 500 advanced in the first quarter. First quarter gains extended a rally that began just before the 2016 elections, pushing the S&P 500 up 14.31% since October 4th.

By market capitalization, U.S. small cap companies outperformed large and midcaps last month; but trailed them on a quarterly basis. The Russell 2000 Index, a broad measure of small cap equity performance, rose 0.13% in March, whereas the Russell Mid Cap Index fell 0.16%. Mid cap stocks gained 5.15% in the first quarter, while the Russell 2000 Index rose 2.47%. Growth-oriented stocks outperformed value stocks both in March and for the quarter. The Russell 1000 Growth Index rose 1.16% in March and advanced 8.91% during the first quarter. In contrast, the Russell 1000 Value Index fell 1.02% last month and gained 3.27% during the first three months of the year.

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**PETRA**  
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# April Market Monitor

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## **RIISING BUT NOT ROARING**

- The US economy grew by +1.6% in 2016, the 11th consecutive year that our domestic economy has failed to grow by at least +3%. In data tracked since 1930, the previous longest stretch of "sub +3% annual growth" was just 4 years (source: Commerce Department).

## **GRAYING**

**POPULATION** - 15% of the US population today is age 65 or older, approximately 1 out of every 7 Americans. By the year 2047 (i.e., 30 years from now), 22% of the US population will be age 65 or older, approximately 2 out of every 9 Americans (source: Congressional Budget Office).

## **WHERE DID THE**

**MONEY GO?** - 78% of former NFL players file for personal bankruptcy or suffer financial stress within just 2 years of retiring from the pro game (source: Sports Illustrated).

Within the S&P 500 Index, eight of the 11 major sector groups declined in March, with Financials (-2.77%), Telecom (-1.15%), and Energy (-1.03%) falling the most. Technology (+2.55%), Consumer Discretionary (+2.05%), and Materials (+0.48%) outperformed last month. For the quarter, Technology (+12.57%), Consumer Discretionary (+8.45%) and Healthcare (+8.37%) led all sectors, while Energy (-6.68%) and Telecom (-3.97%) were the worst performers.

The MSCI EAFE Index, which measures returns on developed markets outside the U.S. and Canada, outperformed domestic equities in both March and the first quarter. The MSCI EAFE rose 2.75% last month and advanced 7.25% on the quarter.

The Stoxx Europe 600 Index rose 3.44% in March and gained 6.30% in the first quarter, capping its longest stretch of gains since 2014. Even as British Prime Minister Theresa May invoked the EU charter Article 50 clause to formally trigger Brexit, the U.K.-based FTSE 100 Index rose 1.23% last month, capping a 3.67% first quarter gain. Meanwhile, Japan's Nikkei 225 retreated fractionally last month and for the quarter, falling 0.47% and 0.38% respectively.

Emerging market stocks rebounded from a 4% fourth quarter 2016 loss, as the MSCI Emerging Markets Index gained 2.52% in March, extending its first quarter gain to 11.45%. The first quarter's emerging markets performance has already outpaced its own 11.19% full-year gain in 2016, which was its first annual gain in four years.

Turning to bonds, U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Government Bond Index, were little changed in March (-0.04%), slightly paring a quarterly gain to 0.68%. The yield on benchmark 10-year Treasury notes ended the first quarter at 2.39%, just 5.7 basis points below where it began the year at 2.45%. Investment grade bonds of all types, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, fell 0.05% in March, trimming its first quarter gain to 0.82%. Higher-rated corporate bonds delivered strong gains as the Bloomberg Barclays U.S. Corporate Investment Grade Bond Index returned 1.22% for the quarter.

Municipal bonds outperformed government and other investment grade bonds, as the Bloomberg Barclays Municipal Bond Index rose 0.22% last month, extending its first quarter gain to 1.58%, its best quarterly gain in nine months. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, which measures returns of below-investment grade corporate bonds, fell 0.22% in March.

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