



## April 2015: Market Review

Global equity markets were mixed in April as the euro strengthened against the dollar, oil prices increased, and U.S. economic growth was stagnant. The Dow Jones Industrial Average rose 0.45% during the month, increasing its year-to-date return to 0.78%. The S&P 500 Index gained 0.96% in April, bringing its 2015 year-to-date return up to 1.92%. Relative to the S&P 500, smaller capitalization equities struggled in the month. The NASDAQ Index finished the month up 0.83%, moving its gain up to 4.34% so far in 2015.

In U.S. economic news, the final reading of first quarter 2015 real gross domestic product showed an anemic annualized growth of 0.2%, substantially less than last quarter's reading of 2.2% and economists' estimates of 1.0%. Economists believe a strengthening dollar, harsh weather, and a labor dispute that weakened exports and prevented imports from timely delivery to be the cause in the disappointing reading. Following the unsatisfactory GDP reading, the Federal Reserve removed all hints for what might lie ahead for timing on an interest rate hike. The most recent S&P/Case-Shiller Home Price Index report showed that on a month-over-month basis, home prices rose 0.14% in February, while on a year-over-year basis, prices were 4.22% higher than a year ago. Sales of previously owned homes rose to their highest level in a year and a half in March. Among commodities, oil saw a fairly constant uptick in prices in April as barrels of WTI crude oil ended the month at \$60, up from \$48 in March. Gold closed at \$1182 per troy ounce, seeing an increase in volatility at the end of the month and staying almost constant with its \$1183 closing in March.

Value-style equities outperformed growth-style equities across all capitalizations except for mid caps in April. Among large cap stocks, the Russell 1000 Value Index increased 0.93% during the month, moving its 2015 return to 0.21%, while the Russell 1000 Growth Index rose 0.50% and has risen 4.36% for the year. In small cap stocks, the Russell 2000 Value Index fell (2.14%), decreasing its year-to-date return to (0.20%), while the Russell 2000 Growth Index declined (2.94%), but remained up 3.49% this year. The Russell mid cap Index closed the month with a loss of (0.91%), dropping its year-to-date return to 3.01%.

International equity markets were largely positive in April. The MSCI EAFE Index ended the month up 4.08%, raising its year-to-date gain to 9.16% in U.S. dollars. The MSCI Europe Index increased 4.34% for the month, giving the index a return of 7.94% for 2015 so far. Greek bailout tensions still run high as the Syriza government ordered commercial banks to move all reserves to the Bank of Greece in order to have enough cash to stay afloat. The MSCI Pacific Index added 3.68%, lifting the index's year-to-date performance to 11.57%. The MSCI Emerging Markets Index gained 7.69% in March, and has added 10.10% for the year.

In U.S. fixed income markets, the yield on the 10-Year Treasury closed April at 2.05%, up from 1.93% at the end of March. The Barclays U.S. Aggregate Bond Index was down (0.36%) in April, but is up 1.24% for the year. The Barclays U.S. Treasury Index was down (0.53%) during the month, but has added 1.10% year-to-date. The Barclays Treasury 20+ Year Index dropped (3.42%), yet stayed in positive territory with a 0.63% gain in 2015. The Barclays Corporate High Yield Index closed the month up 1.21%, improving its year-to-date gain to 3.76%.

April brought about more uncertainty for investors in 2015, especially in U.S. markets as questions still remain about the timing of Federal Reserve interest rate hikes, the weakening U.S. economy, and volatility in oil prices. As those challenges continue to exist in the market, investors may be wary of domestic markets and seek value elsewhere.