

Open-End Net Fund Flows (\$)	2/17	1/17	YTD (Feb)
Equity	2.67B	-8.62B	-5.96B
Taxable Bond	21.59B	17.45B	39.04B
Municipal Bond	2.10B	4.13B	6.22B
Hybrid	-0.80B	-2.75B	-3.55B
Taxable Money Market	0.54B	-48.25B	-47.71B

Key Interest Rates	3/31/17	12/30/16	3/31/16
Federal Funds Target Rate	1.00%	0.75%	0.50%
LIBOR (3-Month)	1.15%	1.00%	0.63%
2-Year T-Note	1.26%	1.19%	0.72%
10-Year T-Note	2.39%	2.45%	1.77%
Bond Buyer 40	4.25%	4.25%	4.01%

Commodities/U.S. Dollar	3/17	YTD	12 Mo.
U.S. Dollar Index (DXY)	-0.76%	-1.82%	6.09%
TR/CC CRB Commodity Index	-2.49%	-3.44%	9.01%
Crude Oil (Barrel)	-6.31%	-5.81%	31.98%
Natural Gas (per million BTUs)	15.16%	-14.25%	62.76%
Gold Bullion (Ounce)	-0.53%	8.30%	1.06%

Total Return Performance

U.S. Stock Indices	3/17	YTD	12 Mo.
S&P 500	0.12%	6.07%	17.16%
DJIA	-0.60%	5.19%	19.91%
NASDAQ 100	2.05%	12.09%	22.77%
S&P 400	-0.39%	3.94%	20.91%
Russell 2000	0.13%	2.46%	26.19%
Russell 3000	0.07%	5.74%	18.06%

U.S. Styles/Market Caps	3/17	YTD	12 Mo.
S&P 500 Growth	1.25%	8.53%	15.39%
S&P 500 Value	-1.19%	3.29%	18.65%
S&P MidCap 400 Growth	-0.10%	5.09%	19.12%
S&P MidCap 400 Value	-0.71%	2.66%	22.13%
Russell 2000 Growth	1.18%	5.34%	23.00%
Russell 2000 Value	-0.85%	-0.13%	29.34%

Foreign Stock Indices (USD)	3/17	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.54%	6.81%	11.93%
MSCI Emerging Markets NET	2.52%	11.45%	17.22%
MSCI Europe NET	4.02%	7.44%	9.76%
MSCI BRIC NET	1.69%	11.58%	23.44%
MSCI EM Latin America NET	0.55%	12.06%	23.25%
Nikkei 225	0.09%	4.39%	16.09%

Barclays Bond Indices	3/17	YTD	12 Mo.
U.S. Treasury: Intermediate	0.05%	0.54%	-0.72%
GNMA 30 Year	-0.04%	0.28%	0.09%
Municipal Bond (22+)	0.34%	1.74%	0.39%
U.S. Aggregate	-0.05%	0.82%	0.44%
Intermediate Corporate	0.00%	1.16%	2.43%
U.S. Corporate High Yield	-0.22%	2.70%	16.39%
Global Aggregate	0.15%	1.76%	-1.90%
EM Hard Currency Aggregate	0.38%	3.24%	7.34%

Sources: Bloomberg, Barclays, Investment Company Institute

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Climate

Last month, we commented that consumer confidence levels had surpassed the levels reached in 2007, just prior to the 2008-2009 financial crisis. This month, it is CEOs. U.S. CEOs are feeling more optimistic about the climate for doing business. The Business Roundtable's CEO Economic Outlook Index, a composite of CEO projections for sales and plans for capital spending and hiring over the next six months, jumped 19.1 points from 74.2 in Q4'16 to 93.3 in Q1'17, according to its own release. That represents the biggest increase since Q4'09. For the first time in seven quarters, the index eclipsed its historical average of 79.8. A reading of 50 or above indicates economic expansion. For now, both consumers and CEOs are upbeat.

Stock Market

The S&P 500 Index closed at 2,362.72 on 3/31/17, 1.39% below its all-time high of 2,395.96, established on 3/1/17, according to Bloomberg. The S&P 500 Index posted a total return of 0.12% in March. Only three of the 11 major sectors that comprise the S&P 500 Index were up on a total return basis. The top-performer was Information Technology, up 2.55%, while the worst showing came from Financials, down 2.77%. In Q1'17, the S&P 500 Index posted a total return of 6.07%. Nine of the 11 major sectors were up. The top-performer was Information Technology, up 12.57%, while the worst showing came from Energy, down 6.68%. From 11/8/16 (date Donald Trump was elected 45th President of the United States) through 3/31/17, the S&P 500 Index posted a total return of 11.34%, according to Bloomberg. The top-performer was Financials, up 19.70%, while the worst showing came from Energy, up 1.70%. The earnings beat rate for the companies in the S&P 500 Index stood at 65.7% for the Q4'16 reporting period, which concluded in late March, according to Bloomberg. The range for the quarterly beat rate has been 66.0% to 74.5% since Q4'12. S&P Dow Jones Indices reported in March that the S&P 500 Index companies paid out \$103.82 billion in cash dividends in Q4'16, the first \$100 billion quarter in the history of the index. S&P 500 Industrials (Old), defined as the S&P 500 minus Financials, Utilities and Transportation companies, had cash and equivalent holdings totaling \$1.48 trillion in Q4'16, just below the all-time high of \$1.49 trillion in Q3'16, according to S&P Dow Jones Indices.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 2.39% on 3/31/17, unchanged from 2/28/17, according to Bloomberg. It was 62 basis points higher than a year ago (1.77% on 3/31/16). The Federal Reserve raised short-term lending rates by another quarter point in March. The Fed has now increased the federal funds target rate three times (75 basis points) since December 2015. From 12/31/15 to 2/28/17 (most recent Consumer Price Index release), overall inflation in the U.S. spiked from 0.7% to 2.7%, or 200 basis points, according to Bloomberg. Despite the potential for higher interest rates moving forward, investors continue to pour capital into bond mutual funds and exchange-traded funds. For the 12-month period ended February 2017, investors funneled an estimated net \$254.2 billion (\$35.5 billion in Feb.) into Taxable Bond funds and \$29.3 billion (\$2.2 billion in Feb.) into Municipal Bond funds, according to Morningstar. U.S. bond issuance is robust as well. In Q1'17, total bond issuance stood at \$1.794 trillion, up 9.46% from the \$1.639 trillion issued in Q1'16, according to the Securities Industry and Financial Markets Association (SIFMA). In 2016, new bond issues totaled \$7.009 trillion, the third-highest total since 1996.

Takeaway

Consumers and CEOs are feeling optimistic about the growth prospects for the U.S. economy. The chart showing the performance of "U.S. Styles/Market Caps" indicates that equity investors favored growth stocks over value stocks in each of the three market capitalization categories in Q1'17. That was a 180-degree change from the trailing 12-month total returns, which favored value stocks. We do acknowledge that a good chunk of the increase in optimism could be attributed to President Trump's policy proposals. We are going to need to see some follow through from Congress. As we learned with the attempt to repeal the Affordable Care Act ("Obamacare"), that is easier said than done.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2395.96	3/1/2017	676.53	3/9/2009	2362.72	-1.39%	6.07%	1.97%
S&P 500 Growth	1326.37	3/15/2017	363.99	3/9/2009	1321.84	-0.34%	8.53%	1.65%
S&P 500 Value	1057.51	3/1/2017	307.16	3/9/2009	1027.88	-2.80%	3.29%	2.35%
S&P MidCap 400	1758.27	3/1/2017	404.62	3/9/2009	1719.65	-2.20%	3.94%	1.68%
S&P MidCap 400 Growth	789.77	3/1/2017	174.44	11/20/2008	775.26	-1.84%	5.09%	1.25%
S&P MidCap 400 Value	609.68	3/1/2017	144.98	3/9/2009	593.85	-2.60%	2.66%	2.16%
S&P 100	1061.21	3/1/2017	322.13	3/9/2009	1046.06	-1.43%	6.09%	2.13%
DJIA	21115.55	3/1/2017	6547.05	3/9/2009	20663.22	-2.14%	5.19%	2.36%
NASDAQ 100	5439.74	3/30/2017	1036.51	11/20/2008	5436.23	-0.06%	12.09%	1.10%
Russell 2000	1413.64	3/1/2017	343.26	3/9/2009	1385.92	-1.96%	2.46%	1.45%
Russell 2000 Growth	827.17	3/1/2017	190.73	3/9/2009	820.79	-0.77%	5.34%	0.94%
Russell 2000 Value	1825.27	3/1/2017	469.32	3/9/2009	1769.39	-3.06%	-0.13%	1.92%
Russell 3000	1422.33	3/1/2017	389.61	3/9/2009	1401.50	-1.46%	5.74%	1.90%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	5250.26	-4.48%	6.81%	3.04%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	423.31	-10.57%	11.45%	2.43%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	20512.00	-54.05%	10.98%	2.79%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1113.76	-55.23%	-3.31%	4.43%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	194.74	-13.85%	20.32%	1.21%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	468.55	-43.69%	4.79%	1.69%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.93	-15.47%	15.09%	1.66%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	3102.57	-24.00%	9.89%	3.43%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1249.17	-37.09%	8.61%	3.12%
S&P 500 Consumer Discretionary	700.24	3/31/2017	125.72	3/9/2009	700.24	0.00%	8.45%	1.42%
S&P 500 Consumer Staples	571.69	7/14/2016	199.80	3/9/2009	561.79	-1.73%	6.36%	2.62%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	514.01	-30.26%	-6.68%	2.69%
S&P 500 Utilities	269.14	7/6/2016	113.81	3/9/2009	260.25	-3.30%	6.39%	3.43%
S&P 500 Financials	508.86	6/1/2007	81.74	3/6/2009	394.58	-22.46%	2.53%	1.67%
S&P 500 Banks	408.00	5/18/2007	49.02	3/5/2009	288.99	-29.17%	2.16%	1.88%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	663.91	-8.50%	2.54%	3.96%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	859.75	-3.64%	8.37%	1.67%
S&P 500 Pharmaceuticals	647.69	8/1/2016	214.50	3/3/2009	613.08	-5.34%	6.76%	2.54%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3566.02	-19.54%	16.03%	0.38%
S&P 500 Information Technology	907.12	3/30/2017	198.51	11/20/2008	906.21	-0.10%	12.57%	1.36%
Philadelphia Semiconductor	1012.29	3/20/2017	171.32	11/20/2008	1011.40	-0.09%	12.00%	1.57%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	167.68	-8.80%	-3.97%	4.62%
S&P 500 Industrials	573.26	3/1/2017	132.83	3/9/2009	559.63	-2.38%	4.56%	2.15%
S&P 500 Materials	334.11	3/1/2017	108.33	3/2/2009	328.73	-1.61%	5.86%	2.05%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	83.77	-63.41%	6.45%	0.54%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	185.88	-60.74%	-3.44%	N/A
BofA ML Perpetual Preferred	243.68	3/31/2017	51.79	3/9/2009	243.68	0.00%	4.91%	5.35%
BofA ML U.S. High Yield Constrained	400.97	3/1/2017	130.37	12/12/2008	399.10	-0.47%	2.71%	6.21%

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