

## 1st Quarter Economic & Market Review

April 2015

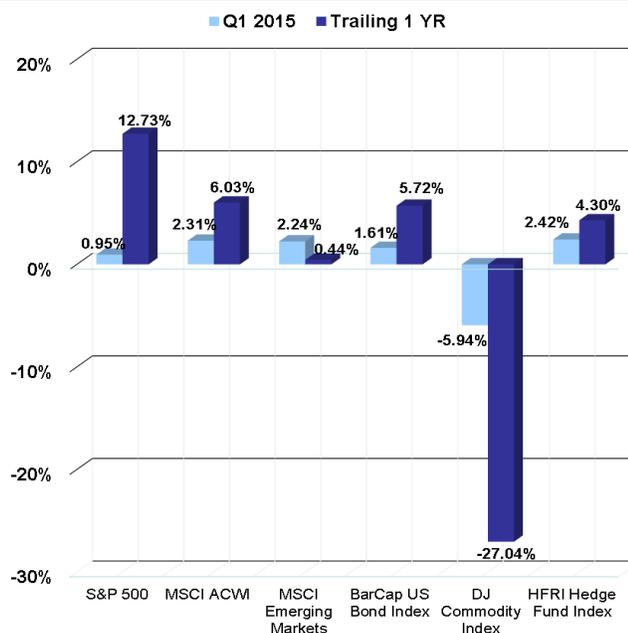
The trends that were building at the end of last year continued into the first quarter. Europe's quantitative easing program and a less publicized policy stimulus in the emerging economies continued to diverge with the tightening US conditions. As a result, the dollar continued its very strong rally and commodities continued their downtrend. Increasing optimism about international growth prospects buoyed the more attractively priced international equity markets, while fuller valuations and prospects for interest rate increases tempered US equity market gains. US economic growth disappointed again during the first quarter as colder than normal weather hampered activity and the consumer continued to save rather than spend the windfall from lower gasoline prices. As a result, economic growth forecasts for the year have been lowered to the 2.5% level although employment trends remain stable. Concern over decelerating growth, caused in part by the strong dollar, has supported bond prices and shifted expectations for Fed rate hikes to the back half of the year. The consensus remains for the Fed to raise rates this year, but the resulting outcome is uncertain as some see the rate rise hurting growth and supporting bond prices while others see higher short term rates not impacting growth meaningfully and leading to higher long term ones.

Over the quarter the MSCI All World Index climbed 2.31% with the Russell 3000 adding 1.8% and international markets rising a more robust 3.49%. The MSCI Emerging Market Equity Index rallied 2.24%. Bond prices continued to gain with the Barclays Aggregate Bond Index appreciating 1.61%. WTI (West Texas Intermediate) continued its slide ending down 14.5% for the quarter at \$45.70 per barrel. The dollar rose another 8.95%. The commodity complex remained under pressure with the Dow Jones Commodity Index falling 5.94%. Gold stabilized rising \$5.40 per oz. to \$1204.60.

Our outlook remains unchanged from last quarter. We see the accommodative economic policies continuing to support international equities and restrictive policies, a strong dollar and fuller valuations limiting US equity market gains. We are maintaining an overweight position in international equities, some hedged into dollars, as a result. We remain underweight and defensively positioned within fixed income as we expect that interest rates will rise modestly by year-end.

### ROTH IRAs for Young Earners

Saving for retirement may be a low priority for a person just entering the work force. However, for those that can make contributions while they enjoy a low tax bracket, the ROTH IRA is a very powerful tool that can maximize after-tax returns over a lifetime. Although it may be hard to make contributions from paychecks, a low tax wage earner can take advantage of the ROTH before their income and tax rate rise by moving cash gifts or other savings into the ROTH. As always please consult your tax adviser on all tax matters.



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