

U.S. Equities March 2018

KEY HIGHLIGHTS

- The [S&P 500](#)[®] was down 2.69% in March, bringing the YTD return to -1.22%.
- The [Dow Jones Industrial Average](#)[®] was down 3.70% for the month and was down 2.49% YTD.
- The [S&P MidCap 400](#)[®] was up 0.76% for the month and down 1.15% YTD.
- The [S&P SmallCap 600](#)[®] was up 1.86% in March and up 0.23% YTD.

Exhibit 1: Index Returns				
INDEX	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)
S&P 500	-2.69	-1.22	11.77	27.71
Dow Jones Industrial Average	-3.70	-2.49	16.65	35.59
S&P MidCap 400	0.76	-1.15	9.25	23.28
S&P SmallCap 600	1.86	0.23	11.17	30.31

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

MARKET SNAPSHOT

You wanted it, you got it—or at least the announcement of it. Whether full or wide-area tariffs will be implemented is still unknown, as behind-the-scenes negotiations (NAFTA, the EU, and China) were being held and logistics were being worked out. The Street, however, was not negotiating; investors reacted to headlines with no specific details and were therefore trading on the basis that somehow their issues would be negatively affected. No news here—uncertainty is the market’s worst-case scenario. Not helping the market was a continuation of what some viewed as a slow consolidation of past gains (the bull had its ninth birthday on March 9, 2018) and volatility (the S&P 500 had 12 days up at least 1% and 11 down at least 1% YTD; 4 and 4 for all of 2017; at the 2% level, 1 day was up at least 2% and 5 were down at least 2%, with no 2% moves in 2017). While concern about a trade war increased on the Street, selling still remained calm and “relatively” normal, if you tried to classify it as a sell-off. The overall tone on the Street was still optimistic, although obviously some were selling at least portions, as there was still hope (outside of no trade war) for a record-setting Q1 2018 earnings season; there are a lot of expectations for this season (what’s that saying? “Don’t expect anything and you won’t be disappointed.”)

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S&P Dow Jones Indices’ Market Attributes[®] series provides market commentary highlighting developments across various asset classes.

Public pressure increased on social media issue Facebook (FB), as the U.S. Senate requested that CEO Mark Zuckerberg testify about its privacy issues, along with the CEOs of Alphabet (GOOG, GOOGL) and Twitter (TWTR). Separately, 37 state attorney generals said they would investigate the situation, along with the UK (and the number of those investigating is expected to grow). The privacy issue has never been fully reviewed or regulated, while information technology has been permitted to grow. At this point, the “discussion” has just begun, with no clear view of what may be enacted or how it will affect business models. What is clear is that the issue is here to stay, as many CEOs will now be called on to discuss and reinforce their privacy policies, distracting them from other business operations.

Hopefully, Q1 2018 wasn't the beginning of the end of the nine-year-old bull market (it started March 9, 2009, now up 290%, or 16.2% annualized), but rather a consolidation; at least, that is what the Street wants to believe (as well as myself). The pause (to put it nicely) from the Jan. 26, 2018, high, which had produced 202 new closing highs since the bull market start in 2009 (with 84 since the Nov. 8, 2016, election and 14 of them this year) also produced an official correction, as the S&P 500 declined 10.16% on Feb. 8, 2018; the last was in February 2016, with a 10.51% correction. At this point, we've traded in a range, gaining back 2.32% from the recent low, leaving the index 8.08% away from a new high. For the quarter, the S&P 500 posted a 1.22% decline (-0.76% with dividends), the first quarterly loss since September 2015 (-6.94%).

Of the 11 sectors, 9 were down; telecommunication services did the worst, posting an 8.69% decline, and it was down 3.14% since the U.S. Nov. 8, 2016, election. Interest-sensitive utilities and real estate did poorly, falling 4.20% and 5.79%, respectively (but up 2.76% and 2.29%, respectively, from the election). Financials was down 1.38% for the quarter but up 37.92% from the election. Energy declined 6.58% for the quarter and was off 2.39% from the election, even though oil prices moved up. Consumer groups went in different directions; consumer discretionary added 2.76% YTD and was up 28.92% from the election, on the hope that greater income (via tax cuts and more jobs) would spur additional buying, whereas consumer staples declined 7.77% YTD but was up 0.19% from the election. Information technology was the other positive sector (and best performer), up 3.20% for the quarter and leading since the election with a gain of 42.78% (although it is currently under pressure). Breadth for the quarter was negative—208 issues were up, with 64 gaining at least 10% and 14 gaining at least 20%, while 296 issues were down, with 93 falling at least 10% and 11 falling at least 20%. The average issue lost 1.16% for the quarter.

April is expected to be a test month for the index, as Q1 2018 earnings start (big banks start on April 13, 2018), with over two-thirds of S&P 500 issues reporting in April. Expectations are high for a strong quarter, fed by analysts and company guidance, as corporate income tax rates have been lowered. Key to the market reaction will be how much of the EPS gain is due to reduced tax rates, as compared to (expected) increased buybacks (which reduce share count), and how much was made the old fashion way—by earning it. Overall, there is some concern that with expectations so high, even a record quarter could disappoint. Also on the watch list for April are signs that individuals are spending any of their new wealth from lower tax rates (implemented in their February withholding tax). Historically, April posts gains 63.3% of the time, with an average gain of 4.26% for the up months and a 3.35% average decrease for the down months, with an overall average gain of 1.30%.

The earnings outlook for 2018 continues to improve, as expectations for a record quarter and year remain high. Year-to-date, the estimate for the upcoming Q1 2018 earnings season has increased

4.9%, as 19 off-fiscal issues have reported, with 16 beating earnings estimates, 2 missing, and 1 meeting, and 14 of the 18 have beaten on sales. For the full year 2018, estimates have increased 7.1%, as expectations remain high. One background concern is that too much may be expected, where even a record quarter potentially could disappoint investors. The action will start on Friday, April 13, 2018 (issues for Friday the 13th are historically up 56.2% of the time, compared with all days at 52.2%—a bit luckier), as big banks start to report, including Citigroup (C), JPMorgan Chase (JPM), and Wells Fargo (WFC), with over two-thirds expected to report by the end of April. Traditionally, earnings rule the trades over the reporting period.

Trump signed tariffs of 25% on steel and 10% on aluminum, citing imports that he said were being unfairly dumped on the U.S. Internal political pressure was strong, as opposing views (and interests) surfaced in reaction to the tariffs; several European countries have outlined potential retaliatory tariffs, with some targeting U.S. areas with political ties to Congress; China hinted at potential reprisals. Canada and Mexico are exempt as long as the NAFTA negotiations continue; the E.U. was temporarily exempted from the steel and aluminum tariffs while they negotiate with the U.S.; also exempt were Argentina, Australia, and Brazil, while South Korea became the first country to negotiate a permanent exemption from the new U.S. steel tariffs. The trade war saga continued, as Trump ordered USD 60 billion in tariffs on Chinese imports and instructed the U.S. Secretary of the Treasury Mnuchin to issue limits on China's ability to invest in U.S. technology firms within 60 days, which most saw as the window for negotiations. China then announced tariffs (potentially subject to negotiations) against 128 U.S. products, implementing it in two steps, which would have a USD 3 billion and USD 1.9 billion impact, respectively (thereby giving time for the talks to work).

Musical chairs continued in Washington, as Trump, via a morning tweet, replaced Secretary of State Rex Tillerson (former Exxon Mobil CEO) with CIA director Mike Pompeo, nominating Gina Haspel, currently deputy director, to replace Pompeo at the CIA (both require congressional approval). Trump also fired his Secretary of Veterans Affairs, David Shulkin, via Twitter, replacing him with his White House Doctor, Ronny Jackson. There was no tweet for Director of the National Economic Council Gary Cohn's successor (who announced his own departure); Trump named CNBC commentator and conservative economist Larry Kudlow as his replacement this week. Trump replaced National Security Adviser H. R. McMaster with former UN Ambassador John Bolton.

The U.S. Senate approved a bank deregulation bill (67-31 vote), modifying Dodd-Frank rules on smaller and mid-sized banks. The regulation will now be reconciled with the House's version (expected), with Trump saying he will sign it into law. The Street's take was that, even though the regulation modification was geared toward smaller banks, it was a step in the right direction and a forerunner to modifications for the big banks. Both congressional houses passed a USD 1.3 trillion spending bill agreement good through Sept. 30, 2018, with most leaving Washington for a two-week recess, since Trump previously said he would sign the bill. Trump, however, balked at the bill, but eventually signed it.

North Korea stated that it was ready to freeze its nuclear program in order to hold talks with the U.S.; the U.S. said a freeze was necessary for talks to start. Later in the month, South Korea delivered a letter from North Korea to the U.S. inviting Trump to North Korea for talks, saying it was prepared to suspend its nuclear and missile tests. Trump agreed to meet with North Korean leader Kim Jong-un to discuss denuclearization, with the exact time (originally said to be by May 2018) and place still open. Later in the month, North Korean leader Kim Jong-un traveled to China (his first trip abroad as leader of

North Korea) and met with President Xi Jinping before his negotiations with the U.S., as North and South Korea announced their respective leaders would meet on April 27, 2018, in South Korea.

The 10-year U.S. Treasury Bond closed at 2.74%, down from last month's 2.88%, as the FOMC increased interest rates by 0.25% (2.41% for year-end 2017 and 2.45% for year-end 2016). The pound closed up, at 1.4028 from 1.3989 in February (1.3498 for year-end 2017 and 1.2345 for year-end 2016); the euro moved down to 1.2303 from 1.2336 (1.2000, 1.0520); the yen was at 106.41 from 109.20 (112.68, 117.00); and the yuan closed at 6.2990, down from last month's 6.3489 (6.5030, 6.9448). Oil increased for the month to close at USD 64.96, up 5.2% from February's USD 61.77 (USD 60.09 for year-end 2017 and USD 53.89 for year-end 2016). U.S. gasoline pump prices (all grades) increased, closing the month at USD 2.764, up from last month's USD 2.676 per gallon (USD 2.589, USD 2.364). Gold was down 0.2% for the month, closing at USD 1329.40 from February's 1,331.80 (USD 1,305.00 for year-end 2017 and USD 1,152.00 for year-end 2016). VIX[®] closed at 19.78, trading as high as 26.22 and as low as 19.60, up from February's 20.78 (11.05 at year-end 2017 and 14.04 at year-end 2016).

As expected, the FOMC raised its interest rate 0.25% under the new management of William Powell, and federal funds went from 1.50% to 1.75%, with a unanimous decision. The quarterly dot plot was more bullish, implying four total increases this year (three more); the median 2019 level was 2.9% (up from 2.7% in December 2017), implying three increases, with the median 2020 level at 3.4% (3.1%), implying two increases; the long-term level rose to 2.9% from December's 2.8%. The FOMC projections called for GDP to be 2.7% in 2018 (up from December's 2.5% projection), 2.4% in 2019 (2.1%), and 2.0% (unchanged) in 2020. Employment was expected to tick down in 2018 to 3.8%, then it was expected to be 2.6% in 2019 and 2020 (long-term unemployment was put at 4.5%). The core inflation outlook for 2018 was unchanged at 1.9%, as 2019 and 2020 were increased to 2.1% from 2.0%.

INDEX REVIEW

S&P 500

For March 2018, the S&P 500 posted a broad 2.69% decline (-2.54% with dividends), which was actually an improvement from February's 3.89% decline (-3.69%). Combined with January's broad gain of 5.62% (5.73%) the index posted a Q1 2018 decline of 1.22% (-0.76%), its first quarterly loss since the 6.94% decline of Q3 2015. The gain since the Nov. 8, 2016, election was 23.43% (26.94% with dividends). March continued the uncertainty, as intraday volatility increased, with markets and moods, changing direction quickly. While the volatility was significantly higher than the passive 2017 period (3.2% of the days moved at least 1% up or down), it remained acceptable, but still on the high side compared to historical periods (2008 saw 53%; 38% YTD; the average since 1928 was 19.1%). Trading, however, was calm and orderly, even as swings were created. The S&P 500 failed to set a new high in March (the last one was on Jan. 26, 2018), but it also failed to revisit the correction low level of off at least 10%, as it traded in a wide range. At the month-end level, the S&P 500 was 8.08% off its high, which given the nine-year age of the bull and its gains (290% in total, an annualized 16.23% rate; 372% with an annualized rate of 18.71% with dividends), isn't significant (yet).

Sector returns continued to vary but declined significantly; the spread between the best and worst sector for the month was 7.86%, down from February's 11.23% and January's 12.34%, and lower than the 9.78% two-year average. For the month, 3 of the 11 sectors gained, as swings produced weeks of

all 11 sectors gaining (the weeks ending March 9 and March 29) and all 11 declining (the week of March 23); all 11 sectors declined in February, while eight gained in January. For the quarter, two sectors gained and nine declined. Risk was mostly off for the month, as yielding stocks benefited; utilities did the best, adding 3.40% for the month but remaining off 4.20% YTD. Real estate posted a 3.27% gain but remained off 5.79% YTD. Energy was the third gainer, adding 1.55% (helped by higher oil prices) but still off 6.58% YTD. Telecommunication services fell 1.12% for the month, bringing its quarterly loss to 8.69%, the worst of any sector. Consumer stocks declined but did better than the average, as consumer discretionary lost 2.46% but remained up 2.86% YTD, and consumer staples declined 1.32% and was off 7.77% YTD. Information technology was under pressure from the Facebook issue (which spread to other social media companies), and some signs of profit taking emerged; the sector fell 3.95% in March but remained up 3.20% YTD, the best of any sector. Financials fell 3.95%, moving into the negative YTD, off 1.38%.

Breadth improved but remained negative in March, as 193 issues gained (an average gain of 4.02%), higher than the 88 for February, but lower than January's 381, as 8 issues gained at least 10% (average 16.62%), down from 12 in February (85 in January). For the month, 312 issues declined (an average of -4.31%), down from February's 417 (January was 124). Year-to-date, 208 (272 last month) issues were up (average 8.68%), with 64 (91) up at least 10% (average 18.25%), as 296 (232) were down (average -8.07%), with 93 (91) down at least 10% (average -14.90%); six issues were up at least 25%, with two down at least 25%.

The Dow®

The Dow, along with most large-cap indices, continued to post broad declines in March, although the losses were lower than February. Mid- and small-cap issues gained for the month, but notably all four headline indices had similar five-year total returns: the S&P 500 posted 86.75%, the S&P MidCap 400 was at 75.97%, the S&P SmallCap 600 returned 85.95%, and The Dow gained 86.88%. However, results varied in between, and sometimes significantly—a lesson in long term versus timing (or maybe risk versus reward).

For March, The Dow closed at 24,103.11, off 3.70% (off 3.59% with dividends) from February's 25,029.30 close with a deep 4.28% decline (-3.96%). The losses, when combined with January's broad 5.79% gain (5.88%), resulted in a decline of 2.49% (-1.96%) YTD for the first quarter. From the last closing high of 26,616.71 on Jan. 26, 2018, The Dow declined 9.44%, ending the month 2.42% above its recent low (on March 23, 2018, at 23,555).

For the month, 6 of the 30 issues posted a gain (average gain of 1.61%), up from four last month and down from January's 25, while 24 issues declined for March (average fall of 3.75%). No issue moved at least 10% (five were down last at least 10% last month, with none up at least 10%). For the first quarter, nine issues were up (average 6.56%) and 21 were down (-7.26%), as three were up at least 10% (12.00%) and four were down at least 10% (-14.45%).

On an issue level, Intel (INTC) did the best, up 5.66% for the month and up 3.99% for the quarter, followed by energy issue Chevron (CVX), adding 1.89% but still off 8.91% YTD, and then consumer product issue Procter & Gamble (PG), up 0.97% for the month and off 9.63% YTD. The news and talk focused on the decliners, as high-flying airline and defense issue Boeing (BA) fell 9.48%, leaving it up 11.18% for quarter (third behind Intel's 12.82% and Cisco's 11.98% gains). Materials issue DowDuPont (DWD) fell 8.37% and was off 0.54% YTD, as 3M (MMM) lost 6.79% and was off 6.73%

YTD. Investment management issue Goldman Sachs (GS), which had pushed The Dow to record levels after the Nov. 8, 2016, election (then Boeing took the lead), fell 4.21% and was off 1.14% YTD. Notable was Apple (AAPL), which declined 5.81% as overall technology concerns grew; its YTD return was negative, at -0.86%. Industrials issue General Electric (GE) fell 4.46% and was down 22.75% YTD, the worst issue in The Dow. The bull market turned nine years old this month (born March 9, 2009); Apple has performed the best since then, up 1,313%, with healthcare management issue UnitedHealth Group (UNH) next, up 1,103%. While all 30 DJIA issues were positive for the period (449 of the 459 S&P 500 issues with full data were positive, with 5 of the 10 down issues from energy), oil issue Exxon Mobil (XOM) was on the bottom, up 15.55%, with Procter & Gamble next, up 79.45%, then General Electric, up 81.92%.

S&P MidCap 400

The S&P MidCap 400 reversed last month's 4.57% decline (the worst of any of the core indices), as it posted a 0.76% gain in March, when most of the headline indices posted losses and a potential correction. The gain, however, was not enough to salvage the YTD return, as the S&P MidCap 400 posted a 1.15% decline, with the one-year return up 9.25% and the two-year return up 30.00%.

Of the 11 sectors, 8 gained for the month, compared with only one last month (telecommunication services was up 2.23%) and seven in January. Sector returns continued to vary, as the spread between the best and worst group decreased to 10.08% from February's 13.71% and January's 12.65%; year-to-date, the spread was 13.63%, with the one-year spread at 53.73%, demonstrating the blending of sectors (information technology was up 20.57% for the one-year period and telecommunication services down 33.15%). Energy did the best for the month, up 6.60%, but the gain still left it down 7.44% YTD and down 55.09% over the five-year period. Utilities did well (as it did in most market-cap groups), rebounding 5.18% but still in the red YTD, off 4.20%. Materials did the worst, declining 3.47% and posting a 4.64% decline for the quarter. Information technology posted a slight gain of 0.30% (while the large-cap equivalent declined 3.95%), and the sector was up 1.32% YTD. Consumer issues again split, as consumer discretionary was down 1.64% and consumer staples was up 1.48%; year-to-date, they were both down, at -3.85% and -3.72%, respectively.

Breadth turned positive and significantly improved from last month, as 212 issues gained (an average gain of 5.10%), up from 90 last month but down from 247 gainers in January, while 183 issues declined (an average loss of 4.98%), down from 309 last month (152 in January). For the month, 20 issues (9 last month) gained at least 10% (average 17.52%), as 24 (94) declined at least 10% (average loss of 16.85%). Year-to-date, breadth remained negative, with 148 (147) gaining (average 9.98%) and 250 (252) declining (-10.05%), as 52 (44) were up at least 10% and 104 (the same as last month) were down at least 10%.

S&P SmallCap 600

The S&P SmallCap 600 not only posted a gain in March, but it did the best among the core indices, adding 1.86% after a difficult 3.97% decline in February (January posted a 2.47% gain). It posted the only YTD gain of the headline indices, up 0.23%, and the one-year return was 11.17% (with the large caps still doing better—the S&P 500 was up 11.77% and The Dow was up 16.65%). Over the 10-year period, the S&P SmallCap 600's 157% return was still the highest of the headline indices, as was its 374% return since the end of 1999.

For March, 8 of the 11 sectors gained, compared with all 11 being down last month (8 were up in January). Sector variance remained significantly negative, as the difference between the best and worst sector fell to 6.55% from February's 12.16% and January's 16.90%. Utilities did the best, as its stability and yield were more attractive than risk (and there was little chance of a trade issue), but the gain still left the sector off 6.22% YTD, the worst of the group. Health care added 4.24% (a sharp contrast to the S&P 500 health care sector, which declined 3.21% for the month), and it was up 12.99% YTD, the best sector in any of the four headline indices. Telecommunication services did the worst, off 1.46%, and it was down 4.93% YTD. Energy declined 0.35% and was off 10.12% YTD; real estate posted a 2.91% gain but ended the quarter the lowest of the sectors, off 11.59%.

Breadth returned to the positive side for the month, as 362 issues gained an average of 6.80% each, up from February's 176 and January's 337. On the down side, 234 issues fell an average of 5.39% each, down from last month's 424 issues and the prior month's 261. Gains of at least 10% were posted by 64 issues (43 last month), with 38 issues off at least 10% (137 lost at least 10% last month). Year-to-date, breadth remained negative, even as the index was up (0.23%); 258 issues were up, with an average gain of 13.67% (226 were up last month), as 341 were down, with an average loss of 11.74% (375 down last month). Year-to-date, one-third of the index moved at least 10%, 137 up and 162 down, and 42 issues moved up at least 25% and 36 declined at least 25%.

S&P Global BMI

Global markets, which started to pull back in late January, continued in early February and then stabilized, but March saw the return of the declines. The damage was broad, as March's 2.16% decline combined with February's 4.29% decline to overpower January's strong 5.33% gain, resulting in a loss of 1.36% for Q1 2018.

For March 2018, the S&P Global BMI declined USD 1.264 trillion in market value (down USD 2.476 trillion in February), with the U.S. portion off USD 0.682 trillion (down USD 1.442 trillion last month), and the non-U.S. portion off USD 0.582 trillion (down USD 1.134 trillion last month). Year-to-date, global markets decreased USD 0.823 billion to USD 53.967 trillion.

For March, global markets fell 2.16%, after February's decline of 4.29% and January's 5.33% gain, leaving the YTD return down 1.36%. For the month, 10 of the 47 markets gained, compared with 4 last month and 46 of the 47 gaining in January. The U.S. did a tick better for March, posting a 2.14% decline (it lost 3.90% last month and gained 5.21% in January), as the global ex-U.S. return for February was -2.18% (-4.68% in February and up 5.44% in January). Year-to-date, the S&P Global BMI was down 1.36%, with the U.S. down 1.05% and globals ex-the U.S. down 1.69%. For the one-year period, the U.S. underperformed, as global markets were up 13.01%, and absent the U.S.'s 11.73% return, they were up 14.36%. Since the U.S. election (Nov. 8, 2016), the non-U.S. global market has slightly underperformed the U.S. gain, returning 23.71% while the U.S. gained 24.07%. Over the longer term, the U.S. has done better, as the global three-year return was 19.90%, but absent the U.S.'s 26.17%, the three-year return was 13.66%.

Sector returns continued to vary but declined, as 8 of the 11 sectors lost ground, compared with the fall of all 11 last month. The spread between the best (up 3.35%) and worst (-3.91%) sector for the month was 7.26%, down from last month's 7.51% spread. Interest-sensitive issues did well; utilities did the best for March, rebounding 3.35%, though it remained down YTD, off 2.14%. Real estate gained 1.74%, ending the quarter off 3.90%, and energy posted a 0.44% gain for the month, leaving it off

4.81% YTD. The worst sector was materials, which fell 3.91% and was off 4.35% YTD. Financials did the second worst, off 3.73%, even as U.S. news was positive (the FOMC increased interest rates and Congress eased some banking regulations); the sector was down 1.32% YTD. Information technology, which had done the best for each of the prior two months, fell 2.93% but remained up 2.97% YTD. Consumer discretionary declined 2.73% for the month, and consumer staples gained 0.16%, as YTD returns varied, up 0.001% for consumer discretionary and off 4.84% for consumer staples.

Emerging markets posted a broad 2.83% decline (they fell 4.23% in February, after January's 8.55% gain), with their YTD gain at 1.02%. For March, 6 of the 22 markets were up, compared with 3 last month (and 21 in January). The one-year return was 20.59% (down from February's 26.49%). Over the two-year period, emerging markets increased 38.96% and the three-year return was up 20.15%, reflecting the prior declines. Egypt again was the best performer for the month, up 13.30% (as it held elections), after last month's 1.72% gain (up 17.29% YTD); Peru was next, up 3.39% (up 8.62% YTD), with the Czech Republic in third place, up 2.75% (up 6.25% YTD). On the down side, Greece did the worst, off 8.13% (off 5.61% YTD), followed by Turkey's 7.85% decline (off 5.71% YTD). Of note, China fell 2.99% and was up 2.09% YTD.

Developed markets did better but still declined, falling 2.08% (off 2.00% ex-the U.S.), after gaining 4.29% last month (-4.81% ex the U.S.), and they were down 1.64% YTD (off 2.42% ex-the U.S.). Of the 25 markets, 4 gained for the month, compared with 1 last month and 25 in January. Developed markets were up 12.18% for the one-year period (up 12.75% ex-the U.S.). Korea did the best, adding 2.05%, as it remained in the red YTD, at -0.30%. Portugal was next, adding 1.69% (and up 3.07% YTD). Luxembourg did the worst, falling 7.77% for the month (off 3.90% YTD), followed by Australia's -4.04% return (off 3.46% YTD) and Israel's -3.65% (off 3.56% YTD). Of note was the UK's 0.49% decline as it continued to negotiate Brexit (off 4.65% YTD) and Japan's 3.29% fall (off 0.52% YTD).

PERFORMANCE RECAP

Exhibit 2: Monthly Returns							
S&P 500	PRICE	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	FR 12/99 (%)
Energy	498.29	1.55	-6.58	-3.06	-11.92	-14.67	134.24
Materials	356.34	-4.45	-5.96	8.40	16.26	43.96	122.77
Industrials	624.95	-2.77	-2.02	11.67	30.29	72.69	128.60
Consumer Discretionary	806.97	-2.46	2.76	15.24	34.98	92.01	169.61
Consumer Staples	541.73	-1.32	-7.77	-3.57	8.06	31.98	160.39
Health Care	940.73	-3.21	-1.63	9.42	11.89	76.36	187.88
Financials	457.53	-4.46	-1.38	15.95	40.80	86.43	42.21
Information Technology	1141.62	-3.95	3.20	25.98	64.71	136.19	41.39
Telecommunication Services	151.65	-1.12	-8.68	-9.56	-0.84	-4.03	-53.02
Utilities	256.14	3.41	-4.20	-1.58	13.50	28.91	79.83
Real Estate	192.05	3.26	-5.79	-1.72	-0.62	20.56	-
S&P 500	2640.87	-2.69	-1.22	11.77	27.71	68.30	79.74
DOW JONES INDUSTRIAL AVERAGE	PRICE	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	FR 12/99 (%)
Dow Jones Industrial Average	24103.11	-3.70	-2.49	16.65	35.59	65.33	109.64
S&P MIDCAP 400	PRICE	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	FR 12/99 (%)
Energy	390.77	6.60	-7.44	-10.25	-39.42	-49.52	122.71
Materials	488.15	-3.47	-4.64	6.06	29.19	57.35	339.90
Industrials	995.78	0.27	-2.81	15.18	36.43	75.92	459.37
Consumer Discretionary	765.06	-1.64	-3.85	8.73	6.91	53.06	284.62
Consumer Staples	1662.65	1.48	-3.72	-3.64	-1.34	58.74	854.36
Health Care	1693.97	1.26	6.02	18.34	35.05	135.48	857.51
Financials	1028.04	0.56	1.71	11.91	41.02	77.44	210.73
Information Technology	2402.46	0.30	3.90	20.57	46.72	98.08	185.11
Telecommunication Services	148.72	-0.03	0.83	-33.15	-44.69	-18.78	-68.57
Utilities	505.70	5.18	-4.20	-1.32	23.82	40.37	265.08
Real Estate	210.46	3.69	-7.61	-8.57	-	-	-
S&P MidCap 400	1878.77	0.76	-1.15	9.25	23.28	62.85	322.51
S&P SMALLCAP 600	PRICE	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	FR 12/99 (%)
Energy	504.90	-0.35	-10.12	-23.83	-49.88	-63.94	224.90
Materials	516.14	-0.67	-2.32	8.63	23.31	43.60	274.39
Industrials	1057.08	1.79	-0.16	15.47	34.68	78.89	428.70
Consumer Discretionary	548.22	2.06	-2.00	13.20	9.81	63.04	304.50
Consumer Staples	1662.86	1.93	-6.22	1.71	25.37	71.24	734.14
Health Care	2663.51	4.24	12.99	38.93	61.65	184.79	1371.23
Financials	1052.77	1.53	1.46	9.46	39.35	67.51	259.42
Information Technology	676.21	0.73	1.32	6.14	47.55	128.72	147.27
Telecommunication Services	2.70	-1.46	-4.93	-2.17	15.88	26.02	-96.32
Utilities	899.14	5.09	-6.30	5.06	36.98	67.27	379.03
Real Estate	179.84	2.91	-11.59	-10.58	-	-	-
S&P SmallCap 600	938.46	1.86	0.23	11.17	30.31	76.61	374.47

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 3: Total Returns

INDEX	1-MONTH (%)	YTD (%)	1-YEAR (%)	3-YEAR (%)	5-YEAR (%)	10-YEAR (%)
S&P 500	-2.54	-0.76	13.99	35.95	86.75	147.71
S&P MidCap 400	0.93	-0.77	10.97	29.36	75.97	181.48
S&P SmallCap 600	2.04	0.57	12.68	35.89	88.82	193.08
S&P Composite 1500	-2.17	-0.72	13.73	35.41	85.95	151.88
Dow Jones Industrial Average	-3.59	-1.96	19.39	46.14	86.88	156.00

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 4: S&P Global BMI, Emerging, Sorted by March Performance

BMI MEMBER	1-MONTH (%)	YTD (%)	6-MONTH (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Global	-2.16	-1.36	3.98	13.01	27.81	19.90
Global Ex-U.S.	-2.18	-1.69	3.22	14.36	26.21	13.66
Emerging	-2.83	1.02	7.64	20.59	38.96	20.15
Egypt	13.30	17.29	25.11	33.78	16.19	-17.04
Peru	3.39	8.62	15.95	35.65	75.28	59.26
Czech Republic	2.75	6.25	14.41	36.86	29.63	22.40
Colombia	0.82	2.38	1.70	9.35	16.08	3.38
Mexico	0.72	1.09	-8.04	-1.17	-6.61	-12.65
Taiwan	0.37	3.74	8.94	15.48	36.78	20.06
Qatar	-0.33	-0.77	1.75	-15.87	-14.72	-27.44
Hungary	-0.46	-1.61	4.39	32.65	48.90	101.65
Malaysia	-0.74	4.80	13.12	20.47	9.75	-1.27
Brazil	-2.26	10.33	7.15	22.38	73.58	46.35
Chile	-2.66	0.64	8.13	23.77	48.37	35.84
U.A.E.	-2.86	-2.23	-5.50	-3.10	-0.52	-9.09
China	-2.99	2.09	9.34	33.21	54.65	29.58
Russia	-3.15	9.22	11.72	16.33	47.73	44.71
Thailand	-3.20	3.94	11.94	22.71	40.98	21.28
India	-3.79	-7.59	4.36	11.82	39.25	21.56
Philippines	-5.47	-10.13	-5.17	4.02	-1.19	-12.75
Poland	-5.62	-7.89	-3.49	17.05	26.20	11.03
South Africa	-6.58	-3.02	16.80	22.12	31.03	6.40
Indonesia	-7.34	-4.14	2.01	6.15	17.30	-0.74
Turkey	-7.85	-5.71	-0.99	14.95	-5.01	-8.30
Greece	-8.13	-5.61	3.24	20.22	29.46	-18.05

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 5: S&P Global BMI, Developed, Sorted by March Performance						
BMI MEMBER	1-MONTH (%)	YTD (%)	6-MONTH (%)	1-YEAR (%)	2-YEAR (%)	3-YEAR (%)
Developed	-2.08	-1.64	3.55	12.18	26.61	19.77
Developed Ex-U.S.	-2.00	-2.42	2.05	12.75	23.12	11.93
Korea	2.05	-0.30	12.34	24.06	40.38	31.31
Portugal	1.69	3.07	2.96	19.33	16.47	7.35
Ireland	0.21	-3.05	-0.31	13.59	13.48	29.56
Italy	0.19	4.61	2.74	24.72	32.83	11.76
Netherlands	-0.41	0.83	2.53	19.76	33.12	29.29
United Kingdom	-0.49	-4.65	0.27	8.98	11.21	-0.57
Singapore	-1.09	2.91	11.68	18.35	26.09	9.24
Canada	-1.14	-7.88	-4.52	2.41	15.59	1.78
Belgium	-1.42	0.64	-1.50	10.91	11.28	12.91
Austria	-1.44	4.58	11.75	44.57	70.20	63.58
France	-1.54	0.10	1.18	18.40	29.35	22.12
Spain	-1.57	-1.56	-3.25	6.75	20.30	-4.13
Germany	-1.81	-3.36	-0.43	14.36	27.54	12.94
Norway	-1.88	1.79	2.76	21.14	35.69	15.95
New Zealand	-1.95	-0.17	3.70	16.01	19.53	22.88
United States	-2.14	-1.05	4.72	11.73	29.27	26.17
Denmark	-2.29	-1.11	0.40	24.25	14.84	22.67
Finland	-2.30	4.80	3.10	19.05	26.65	20.29
Switzerland	-2.94	-4.76	-2.78	7.11	14.71	2.77
Hong Kong	-2.95	-1.63	4.04	13.19	24.72	9.34
Japan	-3.29	-0.52	7.87	17.77	33.12	24.09
Sweden	-3.65	-3.56	-6.82	6.09	12.49	5.67
Israel	-4.04	-3.46	0.90	-2.96	-5.59	-13.65
Australia	-5.72	-6.81	-0.56	-0.68	14.34	-0.52
Luxembourg	-7.77	-3.90	1.69	2.78	23.75	-1.40

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Returns shown are price returns.

Exhibit 6: Price-to-Earnings Ratios				
INDEX	2015	2016	2017	ESTIMATED 2018
S&P 500	14.73	22.69	21.21	16.92
S&P 500 Consumer Discretionary	16.89	22.17	22.90	20.10
S&P 500 Consumer Staples	15.96	22.18	19.81	17.64
S&P 500 Energy	12.03	-38.97	37.49	19.80
S&P 500 Financials	13.46	16.83	17.21	13.23
S&P 500 Health Care	14.68	21.02	20.86	15.58
S&P 500 Industrials	14.76	19.49	20.63	17.38
S&P 500 Information Technology	14.19	22.20	22.57	18.15
S&P 500 Materials	16.20	38.50	20.74	16.08
S&P 500 Telecommunication Services	43.21	14.02	14.90	10.49
S&P 500 Utilities	14.84	22.21	17.63	16.30
S&P 500 Real Estate	-	-	-	39.84
INDEX	2015	2016	2017	ESTIMATED 2018
S&P MidCap 400	18.71	30.41	24.05	17.73
S&P 400 Consumer Discretionary	18.19	20.80	18.04	14.42
S&P 400 Consumer Staples	16.80	23.84	22.60	17.44
S&P 400 Energy	22.82	-4.95	-244.23	42.25
S&P 400 Financials	18.61	25.05	19.85	14.94
S&P 400 Health Care	21.24	27.39	32.82	19.53
S&P 400 Industrials	15.55	21.56	21.80	18.32
S&P 400 Information Technology	23.60	40.03	32.19	18.89
S&P 400 Materials	17.93	28.08	17.77	13.18
S&P 400 Telecommunication Services	34.07	13.29	-13.07	29.22
S&P 400 Utilities	15.52	23.42	19.32	19.52
S&P 400 Real Estate	-	-	-	28.83
INDEX	2015	2016	2017	ESTIMATED 2018
S&P SmallCap 600	22.04	42.43	30.09	18.58
S&P 600 Consumer Discretionary	21.45	23.16	22.81	16.13
S&P 600 Consumer Staples	18.26	20.41	26.06	18.55
S&P 600 Energy	77.57	-2.48	-24.63	26.66
S&P 600 Financials	20.10	26.37	19.58	14.40
S&P 600 Health Care	21.59	43.30	-581.55	29.88
S&P 600 Industrials	17.85	24.72	23.88	18.69
S&P 600 Information Technology	31.37	41.01	29.27	17.42
S&P 600 Materials	22.56	46.69	22.21	15.78
S&P 600 Telecommunication Services	24.20	36.50	-	-90.00
S&P 600 Utilities	16.69	23.40	24.83	22.29
S&P 600 Real Estate	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 7: Operating EPS Changes

INDEX	Q1 2017 OVER Q1 2016 (%)	Q2 2017 OVER Q2 2016	Q3 2017 OVER Q3 2016	Q4 2017E OVER Q4 2016	Q1 2018E OVER Q1 2017	2017E OVER 2016 (%)	2018E OVER 2017 (%)
S&P 500	20.23	18.72	9.20	21.36	23.66	17.18	25.38
S&P 500 Consumer Discretionary	4.55	1.75	3.75	13.18	6.09	5.83	13.93
S&P 500 Consumer Staples	4.90	6.67	5.60	14.40	11.19	7.97	12.29
S&P 500 Energy	243.17	233.50	328.74	614.63	40.72	480.80	89.32
S&P 500 Financials	24.86	27.84	-12.29	13.31	22.40	11.77	30.05
S&P 500 Health Care	0.29	7.68	6.36	10.66	37.74	6.24	33.89
S&P 500 Industrials	8.33	12.32	7.33	19.85	14.13	11.90	18.69
S&P 500 Information Technology	28.27	30.71	32.18	38.80	37.09	33.20	24.33
S&P 500 Materials	176.65	-0.41	9.92	31.73	19.48	31.95	28.99
S&P 500 Telecommunication Services	-3.57	45.83	5.38	-23.62	32.22	3.25	41.94
S&P 500 Utilities	2.46	14.18	-5.48	27.50	10.13	6.29	8.12
S&P 500 Real Estate	-	-	-	-	-	-	-13.93
INDEX	Q1 2017 OVER Q1 2016 (%)	Q2 2017 OVER Q2 2016	Q3 2017 OVER Q3 2016	Q4 2017E OVER Q4 2016	Q1 2018E OVER Q1 2017	2017E OVER 2016 (%)	2018E OVER 2017 (%)
S&P MidCap 400	34.11	20.82	-2.15	37.11	26.33	21.03	35.67
S&P 400 Consumer Discretionary	7.07	19.91	14.21	6.63	28.12	11.72	25.08
S&P 400 Consumer Staples	1.16	0.61	16.98	-0.66	32.77	4.50	29.58
S&P 400 Energy	101.77	116.18	-138.67	115.35	268.97	96.99	678.13
S&P 400 Financials	50.32	47.46	-25.51	7.13	12.46	15.57	32.86
S&P 400 Health Care	1.12	-33.62	37.27	16.00	51.70	3.43	68.06
S&P 400 Industrials	3.85	7.93	14.90	28.62	18.40	13.69	18.96
S&P 400 Information Technology	68.15	27.26	19.04	7.56	68.23	25.05	70.39
S&P 400 Materials	93.36	32.97	48.01	60.41	35.80	53.64	34.87
S&P 400 Telecommunication Services	-450.00	-267.40	-569.86	-324.44	180.36	-456.74	144.73
S&P 400 Utilities	14.54	0.00	1.67	10.38	-0.91	7.47	-0.99
S&P 400 Real Estate	-	-	-	-	-	-	0.27
INDEX	Q1 2017 OVER Q1 2016 (%)	Q2 2017 OVER Q2 2016	Q3 2017 OVER Q3 2016	Q4 2017E OVER Q4 2016	Q1 2018E OVER Q1 2017	2017E OVER 2016 (%)	2018E OVER 2017 (%)
S&P SmallCap 600	34.14	15.96	9.94	30.60	39.92	21.79	61.94
S&P 600 Consumer Discretionary	-19.44	-6.72	-8.01	28.81	25.75	0.67	41.45
S&P 600 Consumer Staples	-40.92	8.32	-34.07	11.99	49.66	-16.14	40.43
S&P 600 Energy	85.61	95.50	63.43	73.61	116.51	82.77	192.39
S&P 600 Financials	40.02	12.00	-2.22	21.07	24.36	16.81	35.94
S&P 600 Health Care	-119.35	-101.70	897.92	-576.47	1391.30	-133.02	2046.51
S&P 600 Industrials	21.23	-5.23	11.55	68.94	13.16	19.27	27.79
S&P 600 Information Technology	92.43	39.13	18.85	24.59	65.01	36.28	68.01
S&P 600 Materials	84.11	17.57	-16.88	47.40	-5.41	21.74	40.75
S&P 600 Telecommunication Services	-150.00	-50.00	-50.00	-200.00	-100.00	-100.00	-
S&P 600 Utilities	0.51	58.27	-32.44	4.38	19.68	1.51	11.38
S&P 600 Real Estate	-	-	-	-	-	-	-

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Exhibit 8: Breadth of Change (Issues With Monthly Price Changes as Described by Type)

S&P 500				
TYPE	MARCH 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE
Up	193	4.02	208	8.68
Down	312	-4.31	296	-8.07
Up >= 10%	8	16.62	64	18.25
Down <= -10%	23	-13.36	93	-14.90
Up >= 25%	1	30.61	6	48.90
Down <= -25%	0	0.00	2	-32.02
Up >= 50%	0	0.00	3	62.99
Down <= -50%	0	0.00	0	0.00
S&P MIDCAP 400				
TYPE	MARCH 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE
Up	212	5.10	148	9.98
Down	183	-4.98	250	-10.05
Up >= 10%	20	17.52	52	20.05
Down <= -10%	24	-16.85	104	-17.60
Up >= 25%	2	41.04	11	36.60
Down <= -25%	2	-40.64	10	-33.05
Up >= 50%	1	56.82	2	57.61
Down <= -50%	1	-51.67	0	0.00
S&P SMALLCAP 600				
TYPE	MARCH 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE
Up	362	6.80	258	13.67
Down	234	-5.39	341	-11.74
Up >= 10%	64	19.20	137	21.96
Down <= -10%	38	-15.97	162	-19.32
Up >= 25%	14	34.57	42	36.72
Down <= -25%	4	-32.17	36	-32.57
Up >= 50%	1	61.65	6	59.02
Down <= -50%	0	0.00	1	-67.06
DOW JONES INDUSTRIAL AVERAGE				
TYPE	MARCH 2018	AVERAGE % CHANGE	3-MONTH	AVERAGE % CHANGE
Up	6	1.61	9	6.56
Down	24	-3.75	21	-7.26
Up >= 10%	0	0.00	3	12.00
Down <= -10%	0	0.00	4	-14.45
Up >= 25%	0	0.00	0	0.00
Down <= -25%	0	0.00	0	0.00
Up >= 50%	0	0.00	0	0.00
Down <= -50%	0	0.00	0	0.00

Source: S&P Dow Jones Indices LLC. Data as of March 29, 2018. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

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