

# Monthly Market Summary

## Market Update and Economic Developments

- The S&P 500 Index returned 0.43% in May, showing continued strength despite worries over slowed economic growth. Investors are pricing in one more rate hike over the next two Federal Reserve meetings and potential rate cuts before the end of the year.
- On May 31st, the House passed legislation to suspend the debt ceiling and set federal spending limits. The bill passed through the Senate on June 1st, allowing the Department of Treasury to continue paying the government’s obligations and avoid default. Equities edged higher after news of the debt ceiling deal.
- CPI rose 4.9%, year over year, in April, slightly less than expectations but still above the Fed’s 2% target. Shelter and food prices contributed to the increase, coming in at 8.1% and 7.7% respectively, year over year.



Benchmark Indexes: Large Cap = S&P 500; Mid Cap = Russell Mid Cap; Small Cap = Russell 2000; International Developed = MSCI EAFE; Emerging Markets = MSCI EM.



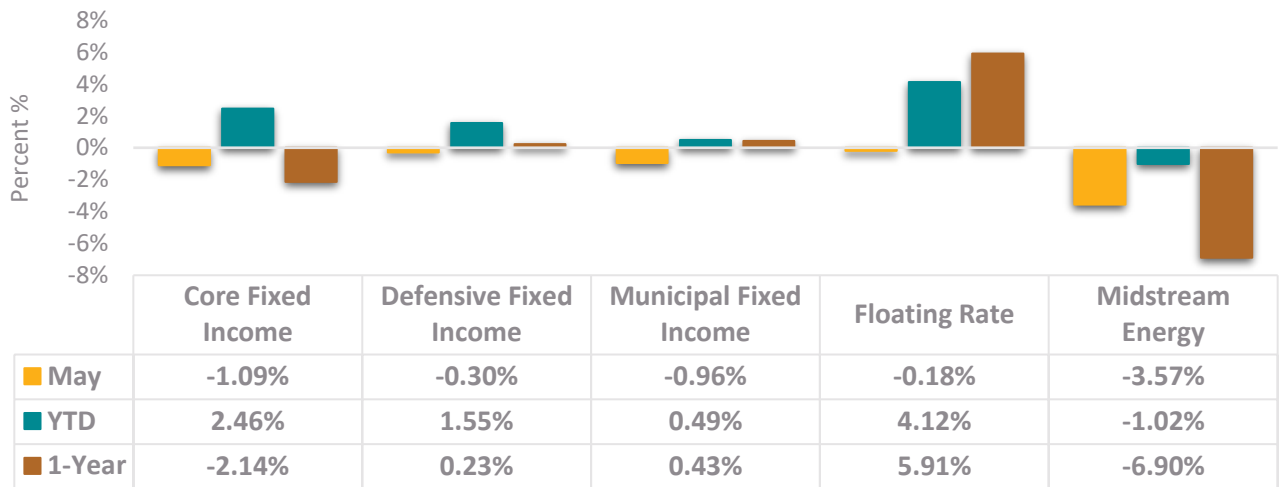
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## Fixed Income Market Update and Other Assets

- 10-year Treasury yields climbed significantly in May, hitting 3.80% at their peak. After nearly depleting its general account to avoid default, it is expected that the US Treasury department will issue as much as \$1 trillion worth of Treasury bills and notes with the debt ceiling deal now passed.
- Core Fixed Income returned -1.09% in May and 2.46% year to date. Fears over the looming U.S. debt ceiling caused increased volatility in the bond market, but higher starting rates have led to strong returns YTD.
- U.S. banks continue to tighten lending standards in the wake of March’s regional banking crisis. While the full effects of tighter lending standards are yet to be felt in the economy, the tighter controls could help cool inflation.

### FIXED INCOME AND OTHERS



Domestic Fixed Income - Barclays US Agg; Municipal Bonds - Barclays 4-6 Yr Muni; High Yield - Barclays US Corp. HY; Floating Rate Corporate Loans - S&P/LSTA Leveraged Loan Index; Commodities - Bloomberg Commodity; MLPs - Alerian Midstream Energy.



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