**Macroeconomic** **Overview**

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| **U.S. Stocks** |   |   |
| **Index** | **% Change Week-to-Date** | **% Change Year-to-Date** |
| DJIA | -2.29% | -0.62% |
| S&P 500 | -2.23% | 0.10% |
| NASDAQ Composite | -2.69% | 3.28% |
| Russell 2000 | -2.05% | 2.96% |
| VIX | 15.75% | -21.51% |

This past week, all major U.S. indices declined on a weekly basis due to unsatisfactory economic data that suggests a slowdown in economic growth of the U.S. economy. In addition, lower expected earnings growth in advance of the upcoming quarterly earnings season had a negative impact on the market. In effect, the Dow Jones Industrial Average and the NASDAQ Composite decreased on a weekly basis by 2.29% and 2.69% respectively, while the S&P 500 declined by 2.23% during the last week. Small cap stocks measured by the Russell 2000 index yielded negative returns of 2.05% throughout the week. The VIX week-to-date change of 15.75% indicates that volatility levels increased during the week, leading to a year-to-date change of -21.51%. The yield of the 10-year U.S. T-note increased by 2 basis points to 1.95%. In addition, the price of oil increased throughout the week by 4.94% to a price of $48.87/bbl.

This week’s decline of benchmark stock prices was primarily driven by negative economic reports, indicating a slowdown in the recovery of the U.S. economy. Third estimates of real GDP growth for the final quarter of 2014 remained unchanged at 2.2%, 0.2% lower than market expectations of 2.4% and 0.4% lower than an initial reading of 2.6%. The Commerce Department also reported a decline in corporate profits with their largest quarterly decline in four years. Annually, corporate profits declined 0.8% and were the first decrease in corporate profits since the 2008 financial crisis. Another indicator of the slowdown in U.S. economic growth is the decline in the U.S. durable goods market in February. Manufacturers experienced a decline in new orders of 1.4%. Core capital goods orders, an indicator of expected future business investment also declined by 1.4%. In the transportation sector, commercial aircraft manufacturers saw a significant decline in new orders by 8.9%.

In February, the Consumer Price Index started to rise again after declining in the previous three months. After excluding relatively volatile energy and food prices, the consumer price index rose by 0.2%. While the price of oil is still very low, only starting to recover slowly and the dollar remains strong compared to other major currencies, corporate earnings are expected to be affected by these conditions for several quarters. Lastly, the housing market continues to improve and surprised the market with an increase of 7.8% in sales of newly built homes, a third consecutive monthly increase.

Internationally, the Eurozone starts to show signs of improvement, primarily led by growth of the German economy that recorded its fastest increase in private sector activity since 2011. The primary drivers of growth in the Eurozone are currently low oil prices combined with the weak euro as well as greater confidence in the Eurozone’s stability after the launch of the European Central Bank’s stimulus program. In February, the consumer price index of the Eurozone was 0.3% lower compared to a year earlier. Expected economic growth led to an increase of the workforce. Businesses started to hire new workers at the fastest rate the economy has seen since 2011.

Next week, investors will be looking forward to see data from different economic reports that will have an impact on the global markets. On Tuesday 31st major economies will report on economic data. Germany will report on the country’s unemployment change. The United Kingdom will report on the economy’s Gross Domestic Product (GDP) YoY and QoQ (Q4). The Eurozone will report on the economy’s Consumer Price Index (CPI) YoY (Mar). Canada will release data about the country’s Gross Domestic Product (MoM) (Jan). The Bank of Japan will report on the country’s performance of the large manufacturing sector and China will release data about the manufacturing PMI (Mar). On Wednesday 1st, Germany and the United Kingdom will report on their country’s manufacturing PMI (Mar). On Thursday 2nd, the United Kingdom will report on the country’s construction PMI (Mar).