



The Concord Advisory Group, Ltd.

March 2018 Market Highlights

“500 Points Is Not What It Used To Be”

The Concord Advisory Group, Ltd.

www.concordadvisory.com

700 Alexander Park | Suite 203 | Princeton, NJ 08540

Phone: (609) 987-9000

Concord Advisory Group: *March 2018 Market Highlights*

Commentary: *“500 Points Is Not What It Used To Be”*

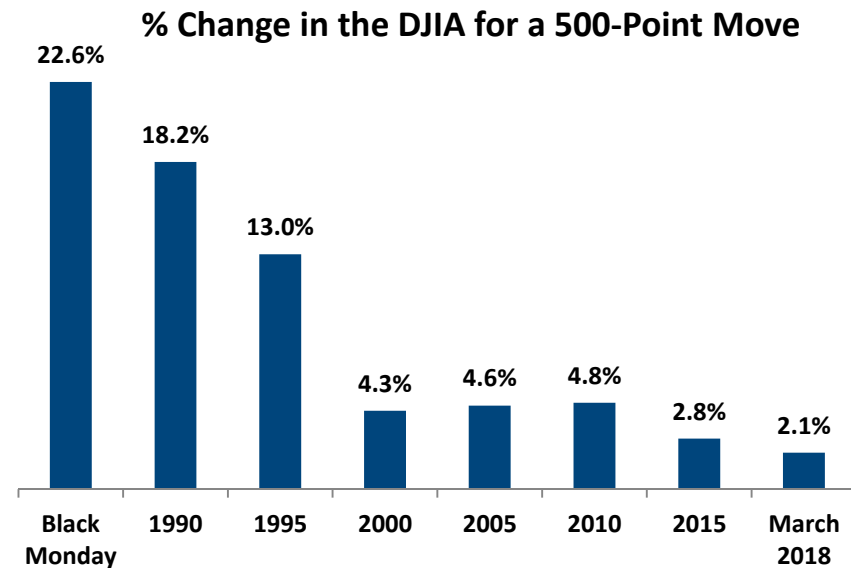


Equity market movements in 2018 have seemed unusually large, but the current levels of realized market volatility are only slightly above historically normal levels. The very low levels of volatility in 2017 may have reduced investor expectations for market fluctuations to unreasonably low levels, making the higher volatility of 2018 feel more troublesome. However, the focus on an outdated index by the media and individual investors may also be playing a role.

In 1896, before computers and spreadsheets, Charles Dow invented the Dow Jones Industrial Average (DJIA), and it remains the media's most cited measure of U.S. stock market performance. To compute the value of the index, Dow Jones adds up the prices of the thirty constituent stocks and divides the total by a “divisor” (currently 0.14523), which adjusts the index for stock split and other corporate actions. In this methodology, stocks with higher prices have higher weights, regardless of their respective market capitalizations. For example, Boeing, with its \$328 stock price, has the largest weight in the index at 9.4%, despite Boeing having roughly the same market capitalization as Coca-Cola (\$43 stock price), which only has a 1.2% weight. A five percent move in the price of Boeing creates a 113-point change in the DJIA, but the same five percent change in Coke only results in a 15-point move.

The market appreciation of the DJIA makes the daily price swings of the index seem much more important than they actually are, which could be a source of investor anxiety. On Black Monday 1987, the DJIA dropped 508 points, a 22.6% drop. Today that same 508 points is only a 2% move. Based on statistics, we should expect, on average, a 2% or more one day decline in the Dow once every 25 trading days.

Large numbers grab people's attention, which may help explain why the DJIA remains prominent in the investment media. If the current level of market volatility were to increase, it is possible that some of the point drops in the DJIA will seem very scary. In times of market stress, it may be healthier to look at better-constructed and more diversified indexes, such as the S&P 500, and to convert price movements into percentages to instruct investment decisions.

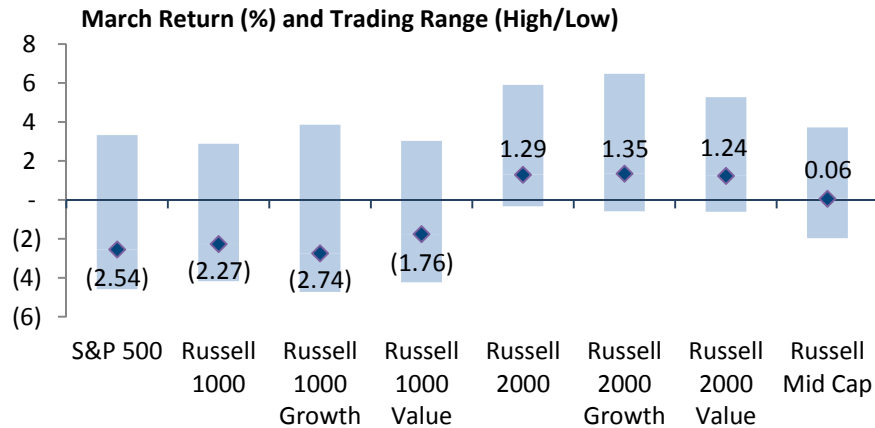


Concord Advisory Group: March 2018 Market Highlights

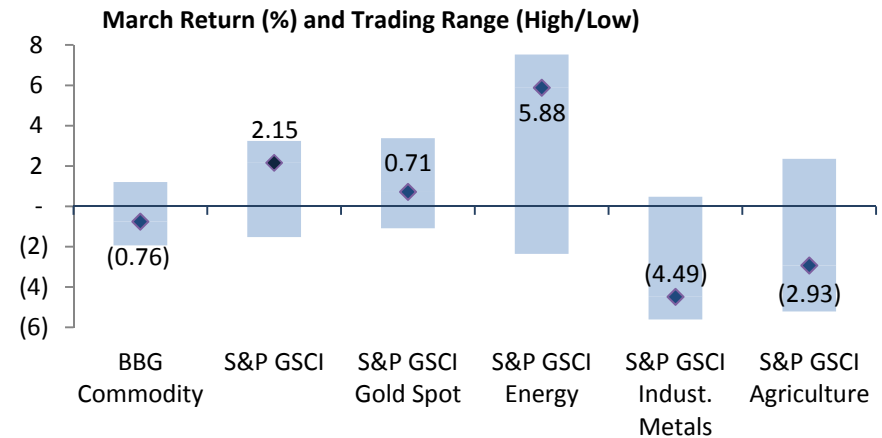
Monthly Charts



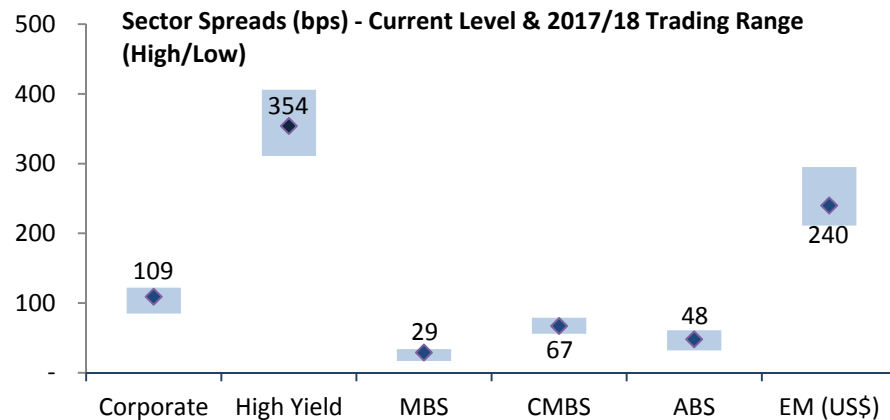
U.S. Equities: Protectionism and tariffs dominated the headlines in March. Large cap stocks, having greater international revenue exposures, were more negatively impacted than small cap issues.



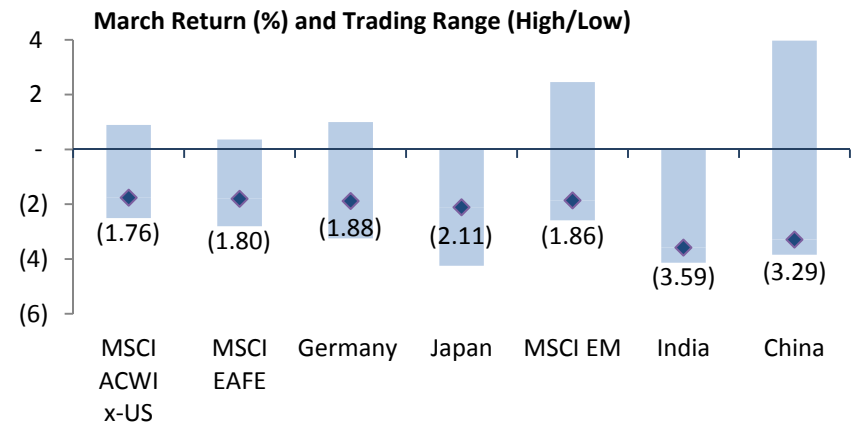
Commodities: Lower-than-expected petroleum stock levels boosted oil prices. Weaker demand from China, U.S. tariffs on steel and aluminum, and improving mine output caused weakness in industrial metals prices.



Fixed Income: Longer-term U.S. yields retreated, as higher inflation concerns eased. Corporate credit spreads modestly widened on above average new issue supply.



International Equities: International markets moved in tandem with U.S. markets, both reacting to headlines on trade. In emerging markets, Eastern European countries were the worst performers.

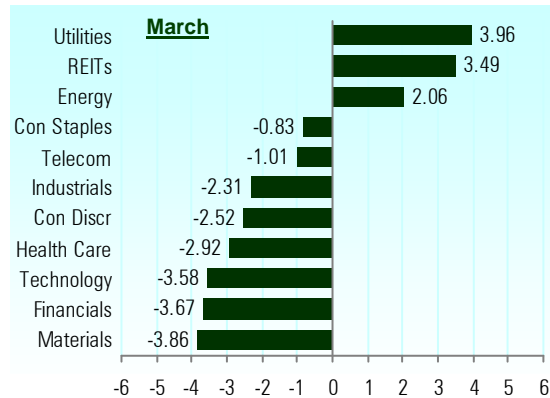


Concord Advisory Group: March 2018 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-2.54%	-0.76%	-0.76%	13.99%	10.78%	13.31%
Russell 1000	-2.27%	-0.69%	-0.69%	13.98%	10.39%	13.17%
Russell 1000 Growth	-2.74%	1.42%	1.42%	21.25%	12.90%	15.53%
Russell 1000 Value	-1.76%	-2.83%	-2.83%	6.95%	7.88%	10.78%
Russell MidCap	0.06%	-0.46%	-0.46%	12.20%	8.01%	12.09%
Russell 2000	1.29%	-0.08%	-0.08%	11.79%	8.39%	11.47%
Russell 2000 Growth	1.35%	2.30%	2.30%	18.63%	8.77%	12.90%
Russell 2000 Value	1.24%	-2.64%	-2.64%	5.13%	7.87%	9.96%
MSCI ACWI	-2.14%	-0.96%	-0.96%	14.85%	8.12%	9.20%
MSCI World	-2.18%	-1.28%	-1.28%	13.59%	7.97%	9.70%
MSCI ACWI Ex-U.S.	-1.76%	-1.18%	-1.18%	16.53%	6.18%	5.88%
MSCI EAFE	-1.80%	-1.53%	-1.53%	14.80%	5.55%	6.49%
MSCI EM	-1.86%	1.42%	1.42%	24.93%	8.81%	4.99%
Bloomberg Commodity	-0.62%	-0.40%	-0.40%	3.71%	-3.20%	-8.32%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	0.64%	-1.46%	-1.46%	1.20%	1.20%	1.82%
Barclays Capital Global Aggregate	1.06%	1.36%	1.36%	6.97%	3.14%	1.49%
Barclays Capital Intermediate Aggregate	0.45%	-1.05%	-1.05%	0.51%	1.02%	1.45%
Barclays Capital Universal	0.50%	-1.41%	-1.41%	1.52%	1.73%	2.19%
Barclays Capital Government	0.93%	-1.15%	-1.15%	0.44%	0.48%	1.07%
Barclays Capital Credit	0.31%	-2.13%	-2.13%	2.59%	2.16%	2.82%
Barclays Capital Municipal	0.37%	-1.11%	-1.11%	2.66%	2.25%	2.73%
Barclays Capital High Yield	-0.60%	-0.86%	-0.86%	3.78%	5.17%	4.99%
Barclays Capital Mortgage	0.64%	-1.19%	-1.19%	0.77%	1.12%	1.80%
Barclays Capital 1-3 Yr Gov/Credit	0.16%	-0.20%	-0.20%	0.24%	0.66%	0.76%
Citigroup 3-Month Treasury Bill	0.11%	0.33%	0.33%	1.06%	0.48%	0.30%
Citigroup World Govt Bond	1.54%	2.50%	2.50%	8.49%	3.45%	1.18%
Barclays Capital U.S. TIPS	1.05%	-0.79%	-0.79%	0.92%	1.30%	0.05%
ML Investment Grade Convertible	0.18%	3.51%	3.51%	18.69%	13.06%	13.78%

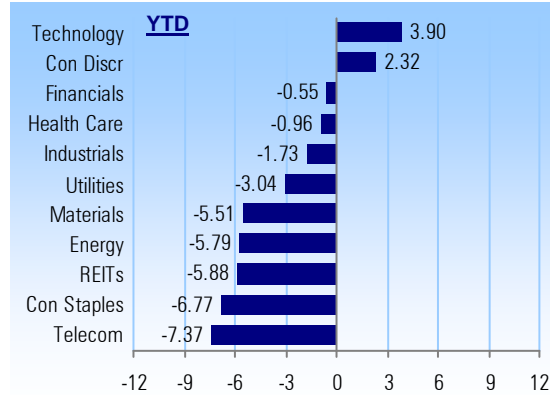
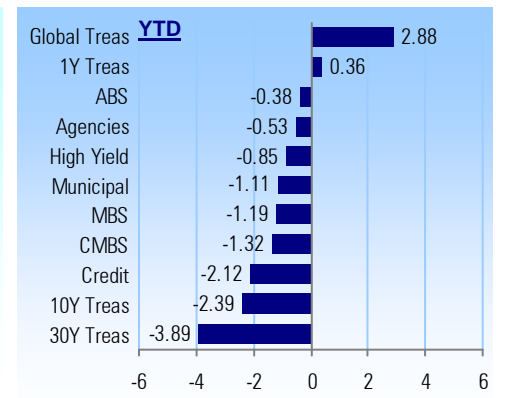
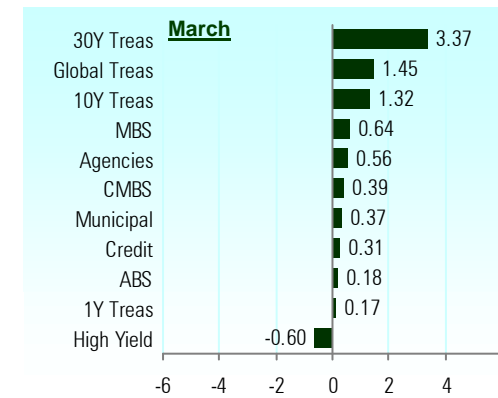
Equity Sector Returns (%)



Equity Style Returns (%)

Style	Value	Core	Growth
Large	-1.76	-2.27	-2.74
Mid	0.25	0.06	-0.16
Small	1.24	1.29	1.35

Fixed Income Sector Returns (%)



Style	Value	Core	Growth
Large	-2.83	-0.69	1.42
Mid	-2.50	-0.46	2.17
Small	-2.64	-0.08	2.30

Treasury Yield Curve

