Global sentiment supported further gains in risk assets however the pace of acceleration moderated compared to January and February. Performance eased as the 3-month-10-year U.S. Treasury yield curve inverted, the first time since 2007, and investors focused on unambiguous signs of slowing global growth. Dovish central banks and limited inflation supported risk assets and stabilized markets but weakening global growth caused markets to pause in a consolidating range. In the next few months, green shoots in the global economy and stabilizing 2019 earnings will be key to further market returns. Both would be helped by a trade deal with China.

Global Economy

Slowing economic growth and weakening inflation are widespread and prompting central banks to be more dovish. While slowing, the U.S. remains key to the global outlook and improved activity will likely come from a strong consumer. China’s stimulus should contribute to higher domestic and global growth but the impact will be less than prior periods of increased support.

Financial Markets

Global equities lost steam in March, but still managed to show positive performance overall, amid heightened worries of a global growth slowdown. The U.S. yield curve inverted for the first time since 2007 leading to speculation of a looming recession and a rate cut by the Fed in 2019. The USD index gained in March as global growth concerns triggered haven demand for the currency. WTI oil is the best performing asset so far in 2019.

Market Roundup

Capital market performance across asset classes.

Sector Performance
U.S. small and large cap sector returns.

Factor Performance
MSCI U.S. and EAFE factor returns.
Global Economy

GROWTH
Slowing activity is widespread and is expected to stabilize led by the U.S. consumer and a pick-up in China as a result of higher government stimulus.

INFLATION
Inflationary pressures remain contained around the world and expectations are anchored.

CENTRAL BANK POLICY
Led by the U.S., slowing growth and tepid inflation have shifted global monetary policy to an increasingly dovish bias.
GLOBAL ECONOMY

Growth | Inflation | Central Bank Policy

Slowing activity is widespread but is expected to stabilize led by the U.S. consumer and a pick-up in China as a result of higher government stimulus.

- **Global Growth Weakness Continues.** The JP Morgan global manufacturing PMI has declined each month since April 2018 to 50.6, the lowest level since June 2016.

- **Slowing U.S. Activity Expected to Improve in 2H 2019.** Q4 GDP was revised down to 2.2% q/q from 2.6% on weaker consumer spending and nonresidential fixed investment. Q1 2019 growth is estimated to be 1.5% and then surpass 2.0% for the rest of the year. Growth in leading economic indicators dipped to 3.0% y/y in February and has steadily weakened from 6.6% last September. Industrial production expanded 3.6% y/y in February, the slowest pace since mid-2018. The NFIB index of small businesses reporting that now is a good time to expand improved slightly after declining each month since August 2018 to the lowest in over a year.

- **UK’s Near-term Outlook Dominated by Brexit.** There remains no clear solution for the path forward regarding Brexit. Despite the elevated uncertainty and impact on confidence and investment, the economy has exhibited some signs of strength, particularly in the labor market.

- **Eurozone’s Activity the Worst Among Major Advanced Economies.** Economic confidence, which is correlated with GDP growth, slowed again in March to the lowest in over two years. The German manufacturing PMI decreased to 44.1 in March, the sharpest contraction since July 2012 driven by weakness in new orders and new business from abroad which were the worst since 2009. Germany’s Ifo business climate index increased modestly but from the lowest level since the start of 2016.

- **Chinese Policymakers Hoping to Reverse Slowing Growth.** After falling to the lowest since early 2016 in January, the Caixin manufacturing PMI has improved to the best level since July 2018 in March. Industrial production growth dropped significantly in early 2019, adding pressure on policymakers to ramp up stimulus.

**TAKEAWAY:** Trade uncertainty and a slowing global economy are contributing to weaker manufacturing and trade activity.

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**GLOBAL MANUFACTURING PMI AND WORLD EXPORT GROWTH**

JPM Global Manufacturing PMI (left axis)
CPB World Export Volume Index (% y/y, 3-month ma, right axis)


**U.S. WAGE GROWTH**


**TAKEAWAY:** Wage growth for U.S. workers has steadily increased to the strongest since 2009.
GLOBAL ECONOMY

Inflationary pressures remain contained around the world and expectations are anchored.

- **U.S.** Since climbing to 2.9% y/y in the middle of 2018, headline CPI inflation has weakened in six of the past seven months to 1.5% y/y in February, the lowest since September 2016. Long-term inflation expectations are lower MTD (2.29% to 2.24%) but are higher YTD after falling to the lowest in over two years (2.06%). The ISM business prices paid index, a proxy for input prices among manufacturing firms, gained in March after declining to the lowest in three years. The Fed’s preferred inflation measure, core PCE, fell 0.2% to 1.8% y/y in January — the lowest in two years. The Fed Chair Powell stated, “It may be some time before the outlook for jobs and inflation calls clearly for a change in policy.”

- **U.K.** After falling to the slowest growth rate in two years, UK inflation gained 0.1% to 1.9% y/y in February. Further upward momentum will be needed to reverse the downward trend in place over the last year. Core inflation declined 0.1% to 1.8% y/y and is the lowest in two years.

- **Eurozone.** Eurozone longer-term inflation expectations dropped rapidly in March, extending the downward trend that has been in place since November. Five years from now, the five-year expected inflation is currently only 1.35%, substantially below the ECB’s 2% target and not far from the lowest in history reached in mid-2016 at 1.25%. In line with the market, the ECB lowered its inflation forecast for 2019 from 1.6% to 1.2% and reduced the estimate in 2020 by 0.2% to 1.5%.

- **Japan.** Japan’s headline inflation was 1.1% y/y in March (highest since Q1 2015), unchanged from the prior month and in line with expectations. Despite the steady improvement in actual inflation, market expectations remain weak and growth in prices is estimated to remain low in both the short and longer term.

**TAKEAWAY:**

The market’s perception of future inflation has descended sharply, helping to push out rate hike expectations and shifting the ECB to a more dovish stance.

**EUROZONE LONGER-TERM MARKET INFLATION EXPECTATIONS**


**TAKEAWAY:**

Per CBO estimates, resource slack was eliminated in Q2 2018 and even though the gap between actual and potential GDP is the widest since 2000, inflationary pressures are muted suggesting there is more “room to grow.”
GLOBAL ECONOMY

Led by the U.S., slowing growth and tepid inflation have shifted global monetary policy to an increasingly dovish bias.

- The Fed suggested it will be unlikely to raise interest rates for the remainder of 2019 and lowered the forecast for 2019 growth from 2.3% to 2.1%. The central bank also lowered its year-end Fed funds target by 50 bp for each year through 2021 compared to the latest forecasts in December. The Fed’s current projections imply only one additional rate hike and in 2020, a sharp contrast to guidance from Q4 2018. Fed Chair Jerome Powell stated that “the data are not sending a signal that we need to move in one direction or another” and that it could be “some time” before a change is warranted, implying the Fed will remain data dependent for the foreseeable future. The Fed also announced plans to end its balance sheet reduction and said it would slow the monthly reduction in its Treasury holdings from $30 billion to $15 billion beginning in May and expects to complete the reduction at the end of September while allowing the balance of its mortgage securities to continue to decline.
- In addition to delivering lower growth and inflation projections, the ECB made a dovish pivot and announced it would keep interest rates unchanged until at least the end of 2019, compared to at least the end of summer previously. The central bank also announced a new round of cheap loans for the region’s banks. We expect the ECB to keep policy on hold until at least the second half of 2020. Despite weakening economic data and a subdued outlook, the ECB president, Mario Draghi, remains confident inflation is on track to reach its target due to the labor market resilience.

TAKEAWAY:
The Fed has dramatically shifted its policy stance since last September and now only expects one additional rate hike through 2021.

TAKEAWAY:
Chinese monetary policy easing is weaker compared to the previous easing cycle of 2015–2016.
GLOBAL EQUITIES
Global equities lost steam in March as January and February’s euphoria over easy central bank policies gave way to worries over global growth slowdown, U.S. yield curve inversion, and looming recession concerns. U.S. large cap stocks rose by almost 2% in March with the best quarterly performance in almost 10 years. Emerging markets underperformed developed markets for the second consecutive month, as January’s +9% rally ran out of steam.

FIXED INCOME
The U.S. yield curve inverted for the first time since 2007 leading to speculations of a looming recession and a rate cut by the Fed in 2019. Core global sovereign bonds moved in tandem with those in the U.S. as worries of a global growth slowdown intensified.

FOREIGN EXCHANGE
The USD index gained in March as global growth concerns triggered haven demand for the currency.

COMMODITIES
WTI oil gained on strengthening bullish sentiment as OPEC complied with production cuts. Oil is the best performing asset so far in 2019.
Global equities lost steam in March (but still managed to show positive performance and had the best quarterly performance since 2010) as January and February’s euphoria over easy central bank policies gave way to worries over global growth slowdown, U.S. yield curve inversion, and looming recession concerns. U.S. large cap stocks rose by almost 2% in March with the best quarterly performance in almost 10 years. Emerging markets underperformed developed markets for the second consecutive month, as January’s +9% rally ran out of steam. Chinese equities continued to enjoy their newly-found sweet spot, post-MSCI index inclusion and subsiding trade war worries.

• Global equities (+1.3% MTD, 12.3% YTD total return) finished the month with the best quarterly performance since Q3 2010. In March, global stocks lost steam (although still managed to rise) as January/February’s optimism over increased central bank dovishness gave way to worries over global growth slowdown, U.S. yield curve inversion, and looming recession concerns.

• U.S. large cap stocks gained by almost 2% in March and had the best quarterly performance (+13.6%) since Q3 2009. Among S&P 500 sectors, information technology stocks gained by an impressive +4.8%, leading all other sectors, followed by real estate (+4.5%), and consumer discretionary (+3.9%).

• U.S. small caps diverged from large caps and lost more than 2% in March, but still led in YTD returns (+14.6%). All small cap sectors were down, except for utilities (+2.2%) and energy (+0.9%).

• In ex-U.S. markets, European stocks advanced (+2.3% MTD, +12.7% YTD), led by a strong performance from the U.K. (+3.3%).

• Emerging markets (+0.9% MTD, +10.0% YTD total return) underperformed developed markets (+1.4%, +12.6%) for yet another month as foreign capital inflows slowed in March on global growth concerns and weakening local currencies against a strong USD. Among EMs, Chinese stocks (+2.4%, +17.7%) continued to enjoy the bullish sentiment post-MSCI index inclusion and subsiding trade war worries with the U.S.

• All U.S. factors gained in March except for small caps (-1.1%). For the U.S., quality stocks led (+3.2%), followed by growth (+2.9%) and minimum volatility (+2.6%). For EAFE, all factors except value stocks (-0.5%) gained; quality stocks (+2.2%) outperformed others for another month, followed by growth (+1.8%) and momentum (+1.8%) stocks.

TAKEAWAY:
Earnings growth estimates are revised lower, threatening to limit the S&P’s upside potential.
Core global sovereign bond yields moved down in tandem with the U.S. as worries of a global growth slowdown intensified. The USD index gained in March as global growth concerns triggered haven demand for the currency. WTI oil gained on strengthening bullish sentiment as OPEC complied with production cuts.

**FIXED INCOME**

- Average G-4 10-year government bond yields marched down in March (-23 bp MTD) led by the U.S. 10-year Treasury yield (-32 bp) which sank to as low as 2.34% (a 15-month low), followed by the UK 10-year Gilt (-30 bp), German 10-year Bund (-25 bp), and Japan's 10-year (-6 bp). The stock of global negative-yielding government debt soared to more than $10 trillion.
- In the U.S., the 3-month/10-year U.S. Treasury yield curve inverted for the first time since 2007 after the Fed's intensified dovishness on March 20th, fueling market concerns, raising the probability of a recession in 12 months to 25%, and increasing the market's expectations of a rate cut by end of 2019 to over 60%.
- Credit spreads were mixed in March, as the U.S. HY (+12 bp MTD, -135 bp YTD) had a lackluster performance in March but still had the best start to a year since 2003. U.S. IG credits tightened (-2 bp, -34 bp) as BBB-rated bonds had the highest Q1 returns since 1995.

**FOREIGN EXCHANGE**

- The USD Index (+1.2% MTD, 1.2% YTD) had a back-to-back monthly gain in March against major crosses as foreign holdings of U.S. Treasuries rose to $6.3 trillion and global growth concerns triggered haven demand for the currency. Implied volatility of the British pound spiked to the highest level since the 2016 Brexit referendum as the U.K. struggled to find a solution out of its current political impasse.
- Emerging markets currencies (-0.4% MTD, +1.6% YTD) lost yet again in March, as the USD solidified its gains against major crosses. Indian rupee (+2.3%) and Russian ruble (+0.4%) were the only EM currencies that gained against the USD, as the Argentine peso, Turkish lira, and Brazilian real were hit by elevated political uncertainty.

**COMMODITIES**

- Commodities (-0.2% MTD, +6.3% YTD) were mostly unchanged but oil (WTI +5.1%, +32.4%) continued its upward march on strengthening bullish sentiment and had the strongest start to a year since 2002. Oil is also the best-performing asset so far in 2019 (followed by Chinese equities).

**TAKEAWAY:**
Flattening in the U.S. yield curve follows consumers’ pessimism about the economic outlook.

**U.S. CONSUMER CONFIDENCE (EXPECTATIONS LESS PRESENT SITUATION) AND THE U.S. YIELD CURVE (2s10s)**


**TAKEAWAY:**
Yield curves in major countries have flattened considerably.
Market Roundup
Data as of March 29, 2019 close.

<table>
<thead>
<tr>
<th>REGIONAL EQUITIES (USD, % chg. Total Return)</th>
<th>Level</th>
<th>MTD</th>
<th>YTD</th>
<th>1Y</th>
<th>3Y1</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI All-Country World</td>
<td>1,042</td>
<td>1.3%</td>
<td>12.3%</td>
<td>3.2%</td>
<td>11.6%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>MSCI World – DM</td>
<td>8,754</td>
<td>1.4%</td>
<td>12.6%</td>
<td>4.7%</td>
<td>11.6%</td>
<td>-8.2%</td>
</tr>
<tr>
<td>MSCI EAFE</td>
<td>7,762</td>
<td>0.7%</td>
<td>10.1%</td>
<td>-3.1%</td>
<td>8.3%</td>
<td>-13.4%</td>
</tr>
<tr>
<td>MSCI EM</td>
<td>2,378</td>
<td>0.9%</td>
<td>10.0%</td>
<td>-6.9%</td>
<td>12.1%</td>
<td>-14.2%</td>
</tr>
<tr>
<td>COUNTRY EQUITIES (% chg. Total Return)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. (S&amp;P 500)</td>
<td>5,664</td>
<td>1.9%</td>
<td>13.6%</td>
<td>9.5%</td>
<td>13.6%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>U.S. (NASDAQ)</td>
<td>9,006</td>
<td>2.7%</td>
<td>16.8%</td>
<td>10.6%</td>
<td>18.2%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>U.S. (Russell 2000)</td>
<td>7,703</td>
<td>-2.1%</td>
<td>14.6%</td>
<td>2.0%</td>
<td>13.1%</td>
<td>-11.0%</td>
</tr>
<tr>
<td>Japan (NIKKEI 225 JPY)</td>
<td>33,960</td>
<td>0.0%</td>
<td>6.9%</td>
<td>2.3%</td>
<td>9.6%</td>
<td>-10.3%</td>
</tr>
<tr>
<td>EU (STOXX 600 USD Hedged)</td>
<td>192</td>
<td>2.3%</td>
<td>12.7%</td>
<td>7.6%</td>
<td>11.1%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>UK (FTSE 100 GBP)</td>
<td>6,515</td>
<td>3.3%</td>
<td>14.6%</td>
<td>2.0%</td>
<td>13.1%</td>
<td>-11.0%</td>
</tr>
</tbody>
</table>
| France (CAC 40 EUR)                          | 14,118 | 2.3% | 13.4%| 7.0% | 10.7%| -8.0%
| Germany (DAX 30 EUR)                         | 11,526 | 3.3% | 9.5% | 7.7% | 10.4%| -8.7%|
| China (MSCI China USD)                       | 155    | 2.4% | 17.7%| -6.1%| 17.1%| -18.3%|
| FIXED INCOME (USD, % chg.)                   |        |      |      |      |      |      |
| Global Treasury ex. U.S.                    | 668    | 1.7% | 2.8% | 5.2% | 3.1% | 3.6%|
| U.S. Treasury                               | 2,265  | 1.9% | 2.1% | 4.2% | 1.1% | 0.9%|
| Global IG Corporate                          | 262    | 2.2% | 4.6% | 5.1% | 4.1% | -1.0%
| Global High Yield                            | 486    | 0.8% | 6.7% | 4.5% | 8.1% | -2.7%
| U.S. Leveraged Loans                         | 2,924  | -0.2%| 4.0% | 3.0% | 5.7% | 0.4%
| EM USD Denominated                           | 1,127  | 1.4% | 5.4% | 4.4% | 5.5% | -2.5%
| COMMODITIES (USD, % chg.)                    |        |      |      |      |      |      |
| Bloomberg Commodity Index                    | 170    | -0.2%| 6.3% | -5.3%| 2.0% | -11.2%|
| Oil (WTI, USD/Barrel)                        | 60.1   | 5.1% | 32.4%| -7.4%| 16.3%| -24.8%
| Gold (USD/Troy Ounce)                        | 1,291.2| -2.6%| 0.7% | -2.5%| 2.0% | -11.1%
| SPREADS (OAS, bp chg.)                       |        |      |      |      |      |      |
| U.S. Investment Grade Corporate              | 119    | -2   | -34  | 10   | -46  | 60   |
| U.S. High Yield                              | 391    | 12   | -135 | 37   | -277 | 183  |
| EM USD Denominated                           | 292    | 12   | -51  | 52   | -113 | 117  |
| KEY RATES (bp chg.)                          |        |      |      |      |      |      |
| 3M U.S. Libor                                | 2.60   | -2   | -21  | 29   | 197  | 111  |
| 2Y U.S. Treasuries                           | 2.27   | -25  | -21  | 0    | 149  | 59   |
| 10Y U.S. Treasuries                          | 2.41   | -32  | -28  | -33  | 60   | 29   |
| 10Y German Bund                              | -0.07  | -25  | -31  | -57  | -21  | -19  |
| 10Y UK Gilt                                  | 1.00   | -30  | -28  | -35  | -41  | 9    |
| 10Y Japanese Bond                            | -0.08  | -6   | -8   | -12  | 0    | -5   |
| CBOE VIX                                     | 13.71  | 14.78| 25.42| 19.97| 13.82| 11.04|
| U.S. 30Y Fixed Rate Mortgage                 | 4.08   | -32  | -43  | -19  | 39   | 66   |
| FOREIGN EXCHANGE (vs. USD, % chg.)           |        |      |      |      |      |      |
| USD – Major Dollar Index                     | 97,2840| 1.2% | 1.2% | 7.9% | 0.7% | 4.4%|
| Euro                                        | 1,1218 | -1.3%| -2.2%| -8.8%| -0.2%| -4.5%|
| British Pound                                | 1,3035 | -1.7%| 2.2% | -7.0%| -3.2%| -5.6%|
| Japanese Yen                                 | 110,8600| 0.5%| -1.1%| -4.0%| 0.6% | 2.7%|

Data provided for illustrative purposes and are not indicative of the past or future performance of any Dreyfus product. An investor cannot invest directly in the index. The performance data quoted represent past performance, which is no guarantee of future results.

Please see important footnotes for returns and charts on last page.
## SECTOR PERFORMANCE

Data as of March 29, 2019 close.

### S&P 500 SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>MTD</th>
<th>YTD</th>
<th>1Y</th>
<th>3Y Annualized</th>
<th>2018</th>
<th>5Y Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Technology</td>
<td>4.8%</td>
<td>19.4%</td>
<td>13.8%</td>
<td>21.0%</td>
<td>-1.6%</td>
<td>17.0%</td>
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<tr>
<td>Financials</td>
<td>-2.7%</td>
<td>7.9%</td>
<td>-6.6%</td>
<td>12.2%</td>
<td>-14.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Health Care</td>
<td>0.3%</td>
<td>6.1%</td>
<td>12.9%</td>
<td>10.6%</td>
<td>4.7%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>3.9%</td>
<td>15.3%</td>
<td>11.7%</td>
<td>13.0%</td>
<td>-0.5%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>-1.2%</td>
<td>16.6%</td>
<td>1.2%</td>
<td>9.4%</td>
<td>-15.0%</td>
<td>7.2%</td>
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<tr>
<td>Consumer Staples</td>
<td>3.7%</td>
<td>11.2%</td>
<td>7.1%</td>
<td>2.3%</td>
<td>-11.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Energy</td>
<td>2.0%</td>
<td>15.4%</td>
<td>-1.8%</td>
<td>2.0%</td>
<td>-20.5%</td>
<td>-5.6%</td>
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<tr>
<td>Utilities</td>
<td>2.7%</td>
<td>9.9%</td>
<td>15.2%</td>
<td>5.5%</td>
<td>0.5%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>4.5%</td>
<td>16.6%</td>
<td>16.8%</td>
<td>4.5%</td>
<td>-5.6%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Materials</td>
<td>0.9%</td>
<td>9.7%</td>
<td>-2.5%</td>
<td>7.1%</td>
<td>-16.4%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Communication Services</td>
<td>2.4%</td>
<td>13.6%</td>
<td>4.0%</td>
<td>-3.0%</td>
<td>-16.4%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

The performance data quoted represent past performance, which is no guarantee of future results.

### S&P 500 MARCH SECTOR PERFORMANCE

The performance data quoted represent past performance, which is no guarantee of future results.
### SECTOR PERFORMANCE

Data as of March 29, 2019 close.

<table>
<thead>
<tr>
<th>S&amp;P 500 INDEX SECTORS</th>
<th>MTD</th>
<th>YTD</th>
<th>1Y</th>
<th>3Y Annualized</th>
<th>2018</th>
<th>5Y Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>-4.0%</td>
<td>10.2%</td>
<td>-2.6%</td>
<td>7.9%</td>
<td>-13.5%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Technology</td>
<td>-0.7%</td>
<td>21.5%</td>
<td>13.4%</td>
<td>22.2%</td>
<td>-1.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Producer Durables</td>
<td>-3.4%</td>
<td>11.8%</td>
<td>-3.3%</td>
<td>10.8%</td>
<td>-15.5%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>-2.1%</td>
<td>13.7%</td>
<td>4.3%</td>
<td>9.6%</td>
<td>-9.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Health Care</td>
<td>-1.1%</td>
<td>17.5%</td>
<td>3.1%</td>
<td>19.1%</td>
<td>-6.5%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Materials and Processing</td>
<td>-4.5%</td>
<td>16.2%</td>
<td>-11.6%</td>
<td>9.1%</td>
<td>-27.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.2%</td>
<td>9.8%</td>
<td>15.2%</td>
<td>8.8%</td>
<td>-1.1%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Energy</td>
<td>0.9%</td>
<td>20.2%</td>
<td>-16.2%</td>
<td>-3.7%</td>
<td>-37.2%</td>
<td>-23.3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>-1.6%</td>
<td>7.2%</td>
<td>1.8%</td>
<td>2.2%</td>
<td>-12.0%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

The performance data quoted represent past performance, which is no guarantee of future results.

### RUSSELL 2000 MARCH SECTOR PERFORMANCE

Data provided for illustrative purposes and are not indicative of the past or future performance of any Dreyfus product. An investor cannot invest directly in the index.
## FACTOR PERFORMANCE

Data as of March 29, 2019 close. Net total returns in USD.

### U.S. FACTORS

<table>
<thead>
<tr>
<th>Factor</th>
<th>MTD</th>
<th>YTD</th>
<th>1Y</th>
<th>Annualized</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI U.S.</td>
<td>1.8%</td>
<td>13.7%</td>
<td>8.8%</td>
<td>13.0%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Value</td>
<td>0.7%</td>
<td>11.2%</td>
<td>6.3%</td>
<td>10.1%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Growth</td>
<td>2.9%</td>
<td>16.3%</td>
<td>11.3%</td>
<td>15.9%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Large Cap</td>
<td>2.0%</td>
<td>13.3%</td>
<td>9.6%</td>
<td>13.3%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>-1.1%</td>
<td>15.8%</td>
<td>4.4%</td>
<td>12.9%</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Min. Vol.</td>
<td>2.6%</td>
<td>12.5%</td>
<td>14.9%</td>
<td>11.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>High Div. Yield</td>
<td>0.6%</td>
<td>10.4%</td>
<td>9.4%</td>
<td>—</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Momentum</td>
<td>2.1%</td>
<td>12.7%</td>
<td>7.6%</td>
<td>16.7%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Quality</td>
<td>3.2%</td>
<td>16.7%</td>
<td>11.8%</td>
<td>14.7%</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>

### EAFE FACTORS

<table>
<thead>
<tr>
<th>Factor</th>
<th>MTD</th>
<th>YTD</th>
<th>1Y</th>
<th>Annualized</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI EAFE</td>
<td>0.6%</td>
<td>10.0%</td>
<td>-3.5%</td>
<td>7.8%</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Value</td>
<td>-0.5%</td>
<td>7.9%</td>
<td>-6.0%</td>
<td>7.4%</td>
<td>-14.8%</td>
</tr>
<tr>
<td>Growth</td>
<td>1.8%</td>
<td>12.0%</td>
<td>-1.1%</td>
<td>8.1%</td>
<td>-12.8%</td>
</tr>
<tr>
<td>Large Cap</td>
<td>0.7%</td>
<td>9.9%</td>
<td>-2.9%</td>
<td>7.9%</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>0.2%</td>
<td>10.7%</td>
<td>-9.1%</td>
<td>8.1%</td>
<td>-17.9%</td>
</tr>
<tr>
<td>Min. Vol.</td>
<td>1.4%</td>
<td>7.9%</td>
<td>1.4%</td>
<td>6.4%</td>
<td>-5.7%</td>
</tr>
<tr>
<td>High Div. Yield</td>
<td>0.4%</td>
<td>10.6%</td>
<td>-0.5%</td>
<td>7.2%</td>
<td>-11.7%</td>
</tr>
<tr>
<td>Momentum</td>
<td>1.8%</td>
<td>10.6%</td>
<td>-3.8%</td>
<td>—</td>
<td>-13.1%</td>
</tr>
<tr>
<td>Quality</td>
<td>2.2%</td>
<td>13.2%</td>
<td>3.2%</td>
<td>8.1%</td>
<td>-10.4%</td>
</tr>
</tbody>
</table>

### MSCI U.S. MARCH FACTOR PERFORMANCE

![Chart](chart1.png)

### MSCI EAFE MARCH FACTOR PERFORMANCE

![Chart](chart2.png)

The performance data quoted represent past performance, which is no guarantee of future results. Factor performance: the return attributable to a particular common factor.

Data provided for illustrative purposes and are not indicative of the past or future performance of any Dreyfus product. An investor cannot invest directly in the index.
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Investment Strategist

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Abbreviations

y/y — year-over-year
m/m — month-over-month
q/q — quarter-over-quarter
MTD — month-to-date
YTD — year-to-date
Fed — Federal Reserve
ECB — European Central Bank
BOJ — Bank of Japan
bp — basis points
EM — emerging markets
DM — developed markets
USD — U.S. dollar
EAFE — Europe, Australasia and Far East
BOE — Bank of England
PBOC — People’s Bank of China
HY — high-yield
G4 — U.S., UK, Germany, Japan
Saar — Seasonally adjusted annualized rate
WTI — West Texas Intermediate

ISM — Institute for Supply Management
Fx — Foreign exchange
CPI — consumer price index
IG — investment grade
PCE — personal consumption expenditure
QE — quantitative easing
FOMC — Federal Open Market Committee
IIF — Institute of International Finance
GDP — gross domestic product
IMF — International Monetary Fund
EPS — earnings per share
Min. — minimum
Div. — dividend
PMI — purchasing managers index
PCE — personal consumption expenditures
Global equities — MSCI All Country World Index
OIS — Overnight indexed swap rate
NFIB — National Federation of Independent Business
CBO — Congressional Budget Office
TAKEAWAY:
Trade uncertainty and a slowing global economy are contributing to weaker manufacturing and trade activity.
Appendix

GLOBAL ECONOMY > GROWTH

U.S. WAGE GROWTH

TAKEAWAY:
Wage growth for U.S. workers has steadily increased to the strongest since 2009.
Appendix

GLOBAL ECONOMY > INFLATION

**U.S. OUTPUT GAP USING OFFICIAL ESTIMATES**

**TAKEAWAY:**
Per CBO estimates, resource slack was eliminated in Q2 2018 and even though the gap between actual and potential GDP is the widest since 2000, inflationary pressures are muted suggesting there is more “room to grow.”

Appendix

GLOBAL ECONOMY > INFLATION

EUROZONE LONGER-TERM MARKET INFLATION EXPECTATIONS

TAKENAWAY:
The market’s perception of future inflation has descended sharply, helping to push out rate expectations and shifting the ECB to a more dovish stance.

Daily data as of March 28, 2019.
Appendix

GLOBAL ECONOMY > CENTRAL BANK POLICY

CHINA MONETARY POLICY CONDITIONS INDEX

The Monetary Conditions Index provides a single index to track China’s monetary stance. The weights in the index are 60% for real interest rate, 15% for real effective exchange rate, and 25% for total loan growth. Base year 2007=100. Monthly data through February 2019. Source: BNY Mellon Global Investment Strategy using data from Bloomberg.

TAKEAWAY:
Chinese monetary policy easing is weaker compared to the previous easing cycle of 2015–2016.
**APPENDIX**

**GLOBAL ECONOMY > CENTRAL BANK POLICY**

### THE FED’S INTEREST RATE PROJECTIONS

The Fed has dramatically shifted its policy stance since last September and now only expects one additional rate hike through 2021.

**TAKEAWAY:**

The Fed’s Dot Plot—Median Estimate for Year-end Fed Funds Rate (%)

- **9/26/2018**
- **12/19/2018**
- **3/20/2019**

TAKEAWAY:
Earnings growth estimates are revised lower, threatening to limit the S&P’s upside potential.
TAKEAWAY:
Flattening in the U.S. yield curve follows consumers’ pessimism about the economic outlook.
TAKEAWAY:
Yield curves in major countries have flattened considerably.

Appendix
Please see important footnotes for returns and charts on last page.
DEFINITIONS

MSCI All-Country World: The MSCI All-Country World is an index that tracks the performance of both Developed and Emerging Market equities.

MSCI World — DM: The MSCI World Index is an index that tracks the performance of Developed Market equities.

MSCI EAFE: The MSCI EAFE Index is an index that tracks the performance of Developed Market equities across Europe, Australasia and the Far East excluding the U.S. and Canada.

MSCI EM: The MSCI EM index tracks the performance of Emerging Market Equities.

MSCI U.S.: Index is designed to measure the performance of the large and mid cap segments of the U.S. market.

MSCI Momentum: Index is designed to reflect the performance of an equity momentum strategy by emphasizing stocks with high price momentum.

MSCI Growth: Index is designed to reflect the performance of securities exhibiting overall growth characteristics.

MSCI Value: Index is designed to reflect the performance of securities exhibiting overall value style characteristics.

MSCI Small Cap: Index is designed to reflect the performance of the small cap segment of the respective market.

MSCI Quality: Index is designed to reflect the performance of quality growth stocks by identifying stocks with high quality scores based on three fundamental variables: high return on equity, stable y/y earnings growth, and low financial leverage.

MSCI Large Cap: Index is designed to reflect the performance of the large cap segment of the respective market.

MSCI Min. Volatility: Index is designed to reflect the performance of a minimum variance strategy.

MSCI High Dividend Yield: Index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.


U.S. (NASDAQ): The Nasdaq Composite Index is the market capitalization-weighted index of approximately 3,000 common equities listed on the Nasdaq stock exchange.

U.S. (Russell 2000): The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

Japan (Nikkei 225): The NIKKEI 225 is an index that tracks the performance of the largest 225 companies traded in the Japanese market.

EU (STOXX 600): The STOXX 600 is an index that represents the performance of 600 large, mid and small capitalization companies across 18 countries in the European Union.

UK (FTSE 100): The FTSE 100 is an index that tracks the performance of the largest 100 companies traded on the London Stock Exchange.

France (CAC 40): The CAC 40 is an index that tracks the performance of the largest 40 companies traded on the Paris Stock Exchange.

Germany (DAX 30): The DAX 30 is an index that tracks the performance of the largest 30 companies traded on the Frankfurt Stock Exchange.

China (SHANGHAI A SE): The SHANGHAI A SE index tracks the performance of the Renminbi denominated equities traded at the Shanghai Stock Exchange.

Global Aggregate: The Bloomberg Barclays Global Aggregate Total Return (USD hedged) Index is a broad-based measure of the global investment-grade fixed income market.


U.S. Treasury: The Barclays Bloomberg U.S. Treasury Index is the U.S. Treasury component of the U.S. Aggregate Index and is used to track obligations of the U.S. Treasury with a remaining maturity of one year or more.

U.S. TIPS: The Bloomberg Barclays U.S. Treasury Inflation-Protected Securities Total Return Index tracks the performance of publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity and have $250 million or more of outstanding face value.

Global Investment Grade — Corp.: This Index reflects the corporate component of the Bloomberg Barclays Global Aggregate Index which is designed to provide a broad-based measure of the global investment-grade fixed income markets.

Global High Yield: The Barclays Bloomberg Global High Yield Index is a broad-based measure of the global high yield market.

U.S. Leveraged Loans: The S&P/LSTA Leveraged Loan Total Return Index is designed to measure the performance of the U.S. leveraged loan market.

Hedge Funds: The Hedge Fund Research HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage.

EM USD Denominated: The Bloomberg Barclays EM USD Aggregate Index includes USD denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

EM Debt LC: The Bloomberg Barclays EM Local Currency Government Total Return Index measures the general performance of locally issued fixed income securities by Emerging Market governments.

Bloomberg Commodity Index: The Dow Jones UBS Commodity Index is designed to provide diversified commodity exposure with weightings based on the commodity’s liquidity and economic significance.

Commodities: The S&P GSCI Total Return Index is a benchmark used to measure commodity performance over time.

USD: The U.S. Majors Dollar Index tracks the performance of the USD versus a basket of foreign currencies including the euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona, Swiss franc, and South African Rand.

Oil (WTI, USD/Barrel): Generic West Texas Intermediate crude oil spot price.

Gold (USD/Troy Ounce): Gold London Bullion Market spot price, quoted in USD per Troy Ounce.

U.S. Investment Grade Corporate: The Barclays Bloomberg U.S. Aggregate — Corporate Index is designed to measure the performance of the investment grade corporate sector in the U.S.

U.S. High Yield: The Bloomberg Barclays U.S. High Yield Index covers the universe of high-yield non-investment grade corporate debt in the U.S.

3M U.S. Libor: Average interest rate at which a selection of banks in London lend to one another in USD with a maturity of 3 months.

2Y U.S. Treasuries: Average yield of a range of Treasury securities all adjusted to the equivalent of a two-year maturity.

10Y U.S. Treasuries: Average yield of a range of Treasury securities all adjusted to the equivalent of a ten-year maturity.

10Y UK Gilt: Average yield of a range of UK government bonds all adjusted to the equivalent of a ten-year maturity.

10Y German Bund: Average yield of a range of German government bonds all adjusted to the equivalent of a ten-year maturity.

10Y Japanese Bond: Average yield of a range of Japanese government bonds all adjusted to the equivalent of a ten-year maturity.

CBOT VIX: Indicator of the implied volatility of S&P 500 index as calculated by the Chicago Board Options Exchange (CBOE).

U.S. 30Y Fixed-Rate Mortgage: Bankrate.com 30-year U.S. home mortgage fixed rate national average.

Consumer Price Index (CPI): Index measures changes in the price level of market basket of consumer goods and services purchased by households.

Carry Trade: Borrowing a currency at a low interest rate to finance the purchase of another currency earning a higher interest rate.

Emerging Markets Carry Trade Index: The EM-8 Carry Trade Index measures the cumulative total return of a buy-and-hold carry trade position that is long eight emerging market currencies (Brazilian real, Mexican peso, Indian rupee, Indonesian rupiah, South African rand, Turkish lira, Hungarian forint, Polish zloty) that is fully funded with short positions in the U.S. dollar.

EM FX Volatility: JP Morgan EM FX Volatility is calculated based on 3 month at-the-money-forward vols, which are combined with a set of fixed weights to produce the daily result.

Manufacturing PMI: An economic indicator derived from monthly surveys of private sector companies. A level above 50 indicates expansion compared to the prior month and below 50 contraction.
DISCLOSURE

FOOTNOTES FOR RETURNS AND CHARTS

1 Total 3Y% change annualized for equities, commodities, foreign exchange and fixed income. 2 Total returns in USD. USD hedged for Global Treasury ex U.S., Global Investment Grade – Corporate, and Global High Yield. 3 OAS: option-adjusted spread. Both level and change in bp. 4 Current level of interest rates (%) shown in “Level” column except for CBOE VIX. For CBOE VIX the value as of each date is shown not the change. 5 “Level” for each exchange rate: USD/1 Euro; USD/1 British Pound; Japanese Yen/1 USD. Changes for Japanese Yen calculated using USD/1 Japanese Yen. A carry trade is when a trader benefits from a difference in rates and uses the high-yielding currency to fund the trade with low-yielding currency.

RISKS

Investing in foreign denominated and/or domiciled securities involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries. Bonds are subject to interest rate, credit, liquidity, call and market risks, to varying degrees. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes and rate increases can cause price declines. Small and midsized company stocks tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories. Commodities contain heightened risk including market, political, regulatory, and natural conditions, and may not be suitable for all investors. Currencies can decline in value relative to a local currency, or, in the case of hedged positions, the local currency will decline relative to the currency being hedged. These risks may increase fund volatility.