



FOR THE WEEK OF APRIL 5TH, 2024

With first quarter earnings season on the doorstep, markets took in a full (and healthy) calendar of economic reports last week, several Fed speaking engagements, and a fresh dose of geopolitical risk. Market implications amounted to speculation surrounding the beginning of Fed rate cuts alongside persistently elevated geopolitical anxiety in the Middle East. Global equity markets were mixed with the U.S. and developed international markets down approximately 1% countered by a rally in China and India to buy emerging markets. Bond yields moved notably higher on the back of strong growth and higher for longer narratives from FOMC members. Commodity markets also rallied on the growth backdrop and oil (+4.5%) received a strong bid thanks to fresh conflict between Iran/Syria and Israel.

MARKET ANECDOTES

- Fed speak last week saw 18 public comments from FOMC members mostly continuing the hawkish narrative we've seen steadily over the past few months, most notably clearly hawkish comments from Logan and Bowman in the wake of Friday's strong jobs report.
- Economic reports and Fed narratives have now taken expected rate cuts in 2024 down to 2.6 with a cut not fully priced into the futures market until September.
- The recent uptick in U.S. inflation data stands in stark contrast to the EU where flash estimates of headline (2.4%) and core (2.9%) inflation are continuing to decline and surprising to the downside.
- First quarter earnings, set to begin next week, are forecasted to grow 3.6% to \$54.94. The first quarter saw a smaller than usual downward estimate revisions of 2.5% but both the number and percentage of companies issuing negative guidance increased more than usual.
- Bespoke noted the historically high (bullish) bull/bear spread readings for both AAll and II surveys with the latter in the 99.3rd percentile since 1997, the former in the 84.5th percentile, and the average of the two in the 96.4th percentile - historically a notable contrarian indicator.





Weekly Market Review

- A counter data point to the deteriorating consumer thesis from Bespoke last week was their Consumer Pulse Survey reflecting a record seven consecutive months of a declining share of respondents indicating they Agree or Strongly Agree they are living paycheck to paycheck.
- Rising federal debt has driven net interest costs to 2.77% of GDP with 3.1% expected by year end, a level not seen since peak deficit spending in 1991. The CBO estimates we'll hit 3.9% by 2034, consuming over 22% of tax revenue.
- Oil prices surged following Iranian/Hezbollah threats of retaliation on Israel for a strike on the Iranian consulate in Damascus. Tight supply dynamics, robust growth, and risks of conflict expanding beyond Gaza pose clear upward pressure on oil prices.

ECONOMIC RELEASE HIGHLIGHTS

- March payrolls came in well above consensus (303,000 vs 200,000) with the participation rate increasing 0.2% to 62.7%. The headline unemployment rate fell to 3.8% and average hourly earnings grew 0.3% MoM and 4.1% YoY.
- The February JOLTS report of 8.756M job openings was in line with the spot forecast and essentially unchanged from the prior month.
- The March ISM Services Index was slightly under forecast (51.4 vs 52.7) while the Manufacturing Index beat both the spot forecast (50.3 vs 48.3) and consensus range of 47.5 to 49.5.
- The March JPM PMI Index (C,M,S) registered 52.3, 50.6, 52.5, a slight improvement over February's 50.3 manufacturing and 52.4 services readings.





THE NUMBERS

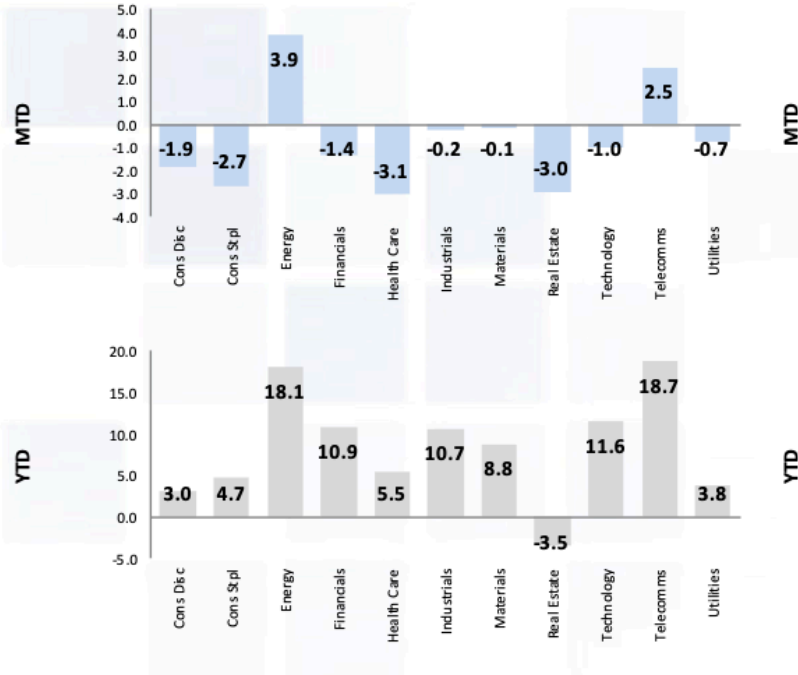
Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	3/31/24	12/31/23	9/30/23
Dow Jones	38904	(2.23)	0.98	4.35	3.77	18.66	Oil (WTI)	84.54	83.96	71.89	90.77
NASDAQ	16249	(0.79)	2.01	12.08	8.45	36.51	Gold	2214.40	2214.40	2078.40	1870.50
S&P 500	5204	(0.93)	2.60	11.20	9.53	29.24					
Russell 1000 Growth		(0.67)	2.11	13.75	10.67	39.78	Currencies	Current	3/31/24	12/31/23	9/30/23
Russell 1000 Value		(1.33)	3.19	7.90	7.53	18.70	USD/Euro (\$/€)	1.08	1.08	1.11	1.06
Russell 2000		(2.86)	0.65	6.13	2.17	19.61	USD/GBP (\$/£)	1.26	1.26	1.27	1.22
Russell 3000		(1.07)	2.49	10.77	8.84	28.90	Yen/USD (¥/\$)	151.22	151.22	140.92	149.43
MSCI EAFE		(1.34)	1.07	5.84	4.50	13.81					
MSCI Emg Mkts		0.28	2.72	4.92	2.73	9.10	Treasury Rates	Current	3/31/24	12/31/23	9/30/23
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	3 Month	5.43	5.46	5.40	5.55
US Aggregate	3.36	0.08	0.08	0.19	0.23	0.80	2 Year	4.73	4.59	4.23	5.03
High Yield	6.57	0.15	0.09	0.13	0.19	0.33	5 Year	4.38	4.21	3.84	4.60
Municipal	2.62	0.09	0.10	0.20	0.20	0.67	10 Year	4.39	4.20	3.88	4.59
							30 Year	4.54	4.34	4.03	4.73

Style Returns

	V	B	G
L	-1.33	-0.97	-0.67
M	-1.58	-1.61	-1.69
S	-2.65	-2.86	-3.07

	V	B	G
L	7.53	9.22	10.67
M	6.51	6.85	7.65
S	0.17	2.17	4.28

S&P 500 Sector Returns



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