



FOR THE WEEK OF MAY 3RD, 2024

Last week markets took in an FOMC meeting, a large dose of Q1 earnings, and a closely watched economic calendar. A soft jobs report and outright rejection of interest rate hikes by Jerome Powell pushed bond yields lower for the week, taking the 10yr UST down to 4.5%. Cooling growth and labor markets seemed to be welcomed by the equity markets where both domestic and international markets managed respectable gains on the week. The U.S. was up 0.55% while developed and emerging markets were up 1.2% and 3.2% respectively. Commodities lost ground due to a 6.85% selloff in oil markets and the USD weakened 0.86%.

MARKET ANECDOTES

- The FOMC left the policy rate unchanged and announced a slightly larger than expected curtailment of the QT program, beginning June 1. Notably, Powell refused to acknowledge that hikes may be needed following recent inflation data and a strong ECI wage report.
- While quarterly ECI data was warm, the labor market seems to be cooling with a miss on the headline establishment survey, cooler than expected monthly wage data, slower hiring intentions in survey data, and fewer job openings.
- With 80% of the S&P 500 reported, 1Q earnings reports have taken shape with historically average beat rates and margins of 77% and 7.5%, respectively. Blended earnings and revenue growth are trending at 5% and 4.1%, respectively.
- An interesting note from BCA regarding fundamentals of the technology rally is how positive fundamentals have underpinned the rally with 12mo fwd earnings for IT, Cons Discretionary, and Comm Services up 25.2%, 23.8%, and 34%, respectively since the beginning of 2023.
- While junk bond spreads appear relatively sanguine right now at 3.16% over treasuries, history reminds us that when they turn, they can surge very quickly.





Weekly Market Review

- In the next 12 months, \$18 billion of office loans converted into securities will mature—more than double the volume in 2023. Moody's projects that 73% of loans will be difficult to refinance because of the properties' income, debt levels, vacancies, and approaching lease expirations.
- WTI oil had its worst week in three months, down 6.85% on easing tensions in the Middle East, a higher for longer Fed, and signs of slowing growth in the U.S.
- The BoJ seems to have intervened in the currency markets a couple of times last week to defend the Yen with intraday price action showing tremendous volatility and the BoJ current account reflecting what were some likely intervention moves.

ECONOMIC RELEASE HIGHLIGHTS

- April payrolls grew by less than forecasted (175,000 vs 243,000) and the unemployment rate ticked up from 3.8% to 3.9%. Average hourly earnings came in lower than forecasted for both the MoM (0.2% vs 0.3%) and YoY (3.9% vs 4.0%) readings.
- The Q1 Employment Cost Index came in at 1.2% QoQ, in excess of both consensus (0.9%) and prior quarter (0.9%) rates. ECI registered 4.2% YoY versus 4.3% in the fourth quarter of 2023.
- The March JOLT Survey registered 8.488M job openings, below both the prior month (8.756M) and consensus estimate (8.700M).
- April's ISM Manufacturing Index came in slightly under forecast (49.2 vs 50.0). The ISM Services Index also missed to the downside (49.4 vs 52.0)
- The Case-Shiller Home Price Index for February came in above consensus for both the MoM (0.6% vs 0.1%) and YoY (7.3% vs 6.7%).
- Consumer Confidence Index registered 97.0 in April, well below consensus forecast of 104.0 and the estimated range of 103-105.6.





THE NUMBERS

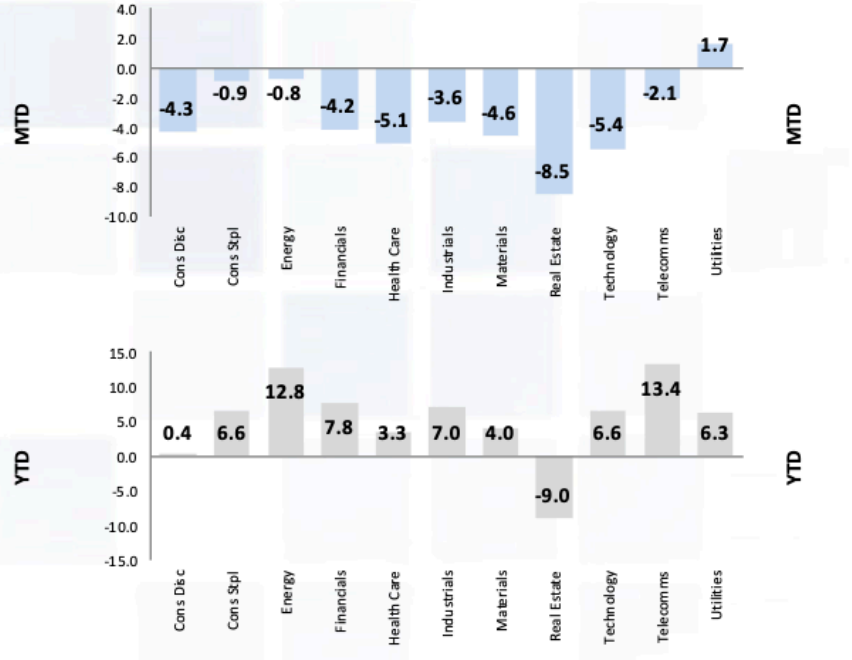
Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	3/31/24	12/31/23	9/30/23
Dow Jones	38676	1.14	(1.07)	0.55	3.21	18.20	Oil (WTI)	84.26	83.96	71.89	90.77
NASDAQ	16156	1.44	(0.73)	3.56	7.85	35.42	Gold	2343.10	2343.10	2078.40	1870.50
S&P 500	5128	0.56	(1.53)	3.77	7.99	27.32					
Russell 1000 Growth		1.02	(1.01)	3.29	9.54	37.26	Currencies	Current	3/31/24	12/31/23	9/30/23
Russell 1000 Value		0.02	(2.29)	4.33	5.32	17.26	USD/Euro (\$/€)	1.07	1.08	1.11	1.06
Russell 2000		1.71	(1.89)	4.10	0.85	18.87	USD/GBP (\$/£)	1.25	1.25	1.27	1.22
Russell 3000		0.63	(1.61)	3.77	7.23	27.05	Yen/USD (¥/\$)	157.62	157.62	140.92	149.43
MSCI EAFE		1.66	(0.30)	5.27	4.70	11.47	Treasury Rates	Current	3/31/24	12/31/23	9/30/23
MSCI Emg Mkts		2.03	2.00	8.23	4.53	12.89	3 Month	5.45	5.46	5.40	5.55
Fixed Income	ΔYield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	2 Year	4.81	4.59	4.23	5.03
US Aggregate	3.42	0.02	0.07	0.22	0.29	0.79	5 Year	4.48	4.21	3.84	4.60
High Yield	6.59	0.00	0.03	0.13	0.21	0.25	10 Year	4.50	4.20	3.88	4.59
Municipal	2.67	0.04	0.06	0.21	0.26	0.65	30 Year	4.66	4.34	4.03	4.73

Style Returns

	V	B	G
L	0.95	1.89	2.67
M	1.59	1.48	1.21
S	3.62	3.15	2.67

	V	B	G
L	5.32	7.60	9.54
M	4.19	4.25	4.39
S	-0.17	0.85	1.95

S&P 500 Sector Returns



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