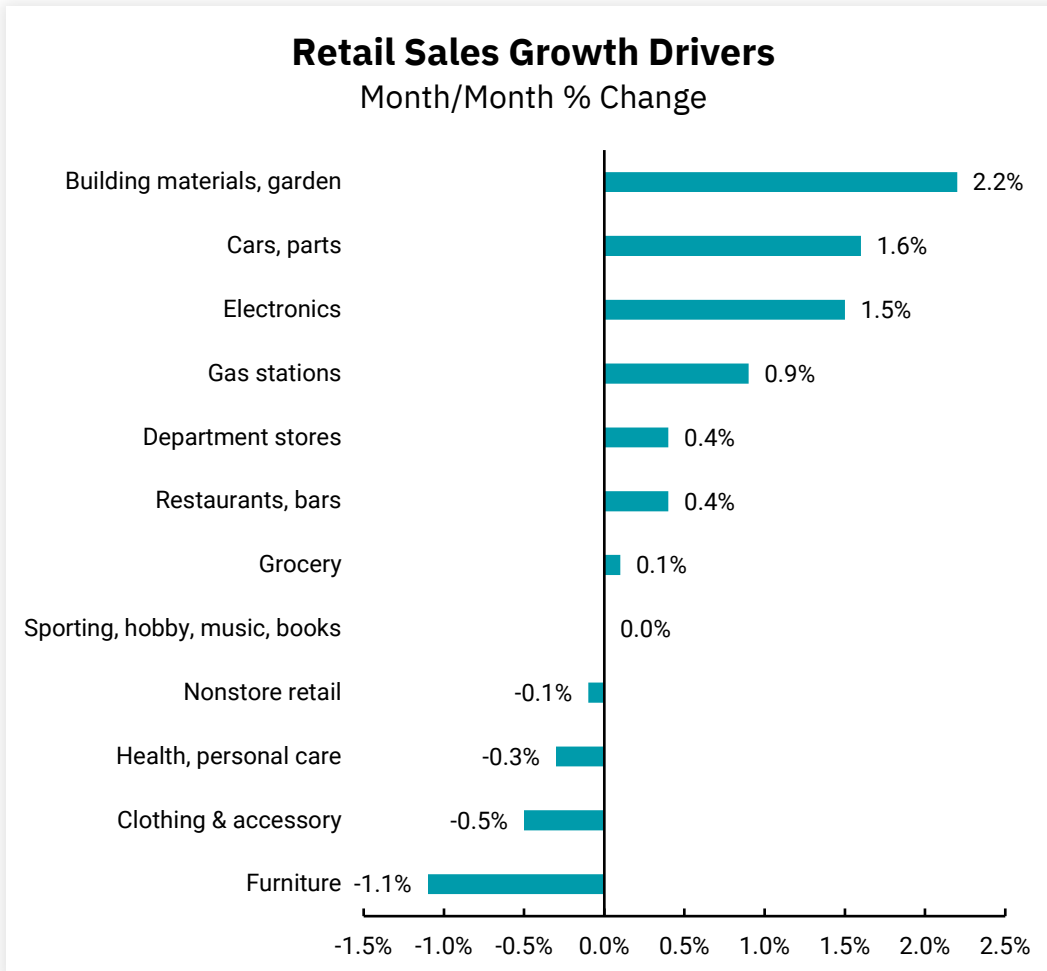


# Weekly market update



## Chart of the week (Mar. 15, 2024)



The U.S. consumer is the workhorse of the domestic economy, as roughly two-thirds of economic activity is based on household spending. Within total household spending, retail sales are an important component. Recognizing all this, Congress provided numerous—and material—fiscal stimulus plans to put money in the hands of consumers. As a result, there was a period of increased savings and reduced indebtedness. However, it didn't take long for consumers to revert to their habit of spending money if they had it—and they had a lot of it.

Consumers also changed the way they spent money, and this increased demand caused inflation to rise because we were in a supply-constrained economy. Now, as we move forward from this pandemic surge in consumption, we should expect consumer spending—and data like retail sales—to revert back to lower numbers.

Although month-over-month data can be a bit lumpy, that is what we are seeing: retail sales that are slow but remain in a longer-term uptrend. In addition, we have seen what consumers are spending their money on return to pre-pandemic sectors. For example, during the pandemic, we could not travel or eat out often, so spending on goods exploded higher compared to spending on things like going to restaurants and bars. More recently, there have been outright declines in spending on some goods, like furniture and clothing; however, overall, retail sales were positive in the [most recent report](#).

Another area that saw huge increases during the pandemic was “e-sales,” or non-“brick-and-mortar” store sales. Today, internet commerce is still a large part of sales, but it seems the consumer is back to thinking shopping is about the experience, not just the purchase. Consequently, department store sales have been increasing. Last month also saw a big jump in building materials and garden supplies . . . Spring is in the air.

Looking forward, we are entering the tax refund season, which could provide a boost as we see March and April retail sales. At its base, the consumer continues to be supported by a robust job market, low unemployment and real wage gains. The cumulative effect of inflation remains a problem, but as inflation has declined, we have seen some relief for consumers and their pocketbooks.

Shifts in interest rates and economic growth also can—and will—have impacts on consumer spending going forward. Still, in the long run, the consumer is expected to be a major driving force for economic growth.

# Weekly market update



## Commentary (Mar. 15, 2024)

### Domestic Equities

- U.S. stocks ended the week mostly flat, retreating from modest gains midweek, with the S&P 500 and Dow Jones Industrial Average locking in slight gains and the Nasdaq Composite leading the way lower, ending the week negative. Technology names were broadly down for the week.
- The software company Adobe reported weak guidance on Thursday, causing the stock to plummet, ending the week down over 10%. Earnings were better than expected, but the company indicated expected weakness in the second quarter and failed to provide full-year guidance.
- The Producer Price Index (PPI) came in hotter than expected, prompting apprehension over whether and when the Federal Reserve can begin lowering rates. Investors look forward to next week's policy guidance for additional clarity.

### Bonds

- U.S. Treasury yields rose on stronger-than-expected inflation data, with yields around the two- to five-year part of the curve leading the market higher. Hotter inflation data also weighed on Fed rate cut expectations, with Fed Fund Futures ending the week pricing in just under three cuts for 2024.
- Across U.S. credit markets, lower quality CCC-rated high-yield bonds outperformed, with the option-adjusted spread on the Bloomberg Caa US High Yield Index hitting a two-year low on Wednesday at 7.2%.
- In international markets, the spread on the Markit CDX Emerging Markets Index, which measures the credit risk of 22 sovereign issuers, fell to 1.60% inter-week, its lowest level since September 2021. Lower default expectations also contributed to emerging market sovereign bond spreads narrowing over U.S. Treasuries, with the option-adjusted spread on the Bloomberg Emerging Market Sovereigns Index making a new low this week at 3.37%.

### International Equities

- India and the four European countries that comprise the European Free Trade Association signed a free trade agreement that includes a commitment to invest \$100 billion into the country in exchange for reduced import tariffs on industrial products from the four European countries.
- This week, foreign developed markets struggled to gain traction as stocks across the Asian-Pacific and European regions turned in mixed performance. Europe's industrial production fell 3.2% in January, suggesting the region's economies might stagnate, which could prompt the European Central Bank to cut policy rates in June.
- Emerging markets rose for the second consecutive week, as gains in Asian and Latin American markets drove index performance. India's consumer price index rose 5.09% year-over-year, giving policymakers reason to remain cautious before lowering policy rates.

### Economics

- The Bureau of Labor Statistics (BLS) reported that the Consumer Price Index (CPI-U) was 3.2% over the prior 12 months and 0.4% in February, the highest monthly increase since September 2023. Most of the monthly increase was due to higher shelter and energy prices. Core CPI, which excludes food and energy, was 3.8% over the prior 12 months and 0.4% in February.
- The BLS also reported the Producer Price Index (PPI) increased 0.6% in February and 1.6% over the prior 12 months. This was due to an increase in final demand goods, which rose by 1.2%, the highest level since August 2023. Final demand services increased 0.3% in February.
- The Census Bureau reported retail sales increased 0.6% in February, reversing the broad decline in January.
- Housing starts will be released on Tuesday.

## Weekly Market Update

For Week Ending March 15, 2024

### Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
<b>Capital Markets</b>				
Dow Jones Industrial Avg	38,714.77	0.0%	3.2%	24.1%
S&P 500 Index	5,117.09	-0.1%	7.6%	33.6%
NASDAQ Composite	15,973.17	-0.7%	6.6%	40.8%
S&P 400 Midcap Index	2,923.76	-0.9%	5.5%	24.1%
S&P 600 Smallcap Index	1,287.74	-1.7%	-2.0%	14.4%
MSCI EAFE	8,124.94	-1.3%	4.4%	21.3%
MSCI Emerging Markets	541.22	-0.1%	1.4%	12.2%
Bloomberg US Agg	2,124.79	-1.2%	-1.7%	1.2%
Bloomberg Municipal 5 Yr	488.27	-0.1%	-0.1%	2.9%
Bloomberg US Corporate	3,175.44	-1.0%	-1.4%	5.0%
Bloomberg Glb Agg ex US Hdg	563.88	-0.6%	-0.2%	5.1%
Bloomberg High Yield	2,499.06	-0.2%	0.8%	13.0%
MSCI US REIT Index	2,085.68	-2.9%	-3.0%	8.2%
Bloomberg Commodity Index	230.26	1.3%	1.7%	2.4%

	Last Price/Yield	Prior Week	Year End	Year Ago
<b>Key Rates</b>				
Fed Funds Target	5.50%	5.50%	5.50%	4.75%
3-Month Treasury	5.37%	5.38%	5.33%	4.61%
1-Year Treasury	5.06%	4.93%	4.76%	4.00%
2-Year Treasury	4.73%	4.47%	4.25%	3.89%
5-Year Treasury	4.33%	4.05%	3.85%	3.55%
7-Year Treasury	4.33%	4.06%	3.88%	3.53%
10-Year Treasury	4.31%	4.07%	3.88%	3.45%
30-Year Treasury	4.43%	4.25%	4.03%	3.64%

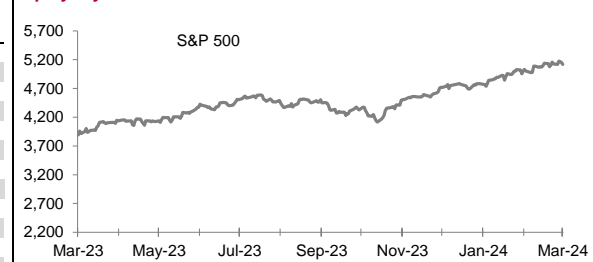
	Last Price/Yield	Prior Week	Year End	Year Ago
<b>Consumer Rates</b>				
30-Year Mortgage	7.12%	7.10%	6.99%	5.83%
Prime Rate	9.25%	9.25%	9.25%	8.50%
SOFR	5.31%	5.31%	5.38%	4.58%

	Last Price	Prior Week	Year End	Year Ago
<b>Commodities</b>				
Gold	2,155.90	2,178.95	2,062.98	1,918.58
Crude Oil (WTI)	81.04	78.01	71.65	65.77
Gasoline	3.46	3.40	3.12	3.46
Natural Gas	1.66	1.81	2.33	3.20
Copper	4.12	3.89	3.89	3.87

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
<b>Index Characteristics</b>				
Dow Jones Industrial Avg	18.63	21.16	4.86	1.91
S&P 500	21.30	22.93	4.68	1.46
S&P 500 Value	16.69	17.18	2.80	2.38
S&P 500 Growth	27.65	32.16	10.69	0.68
NASDAQ	28.21	34.22	6.23	0.80
S&P Midcap 400	16.79	16.40	2.48	1.81
S&P Smallcap 600	15.75	14.81	1.76	2.06
MSCI EAFE	14.49	14.18	1.86	3.21
MSCI Emerging Markets	12.55	14.94	1.72	4.15

Source: Bloomberg

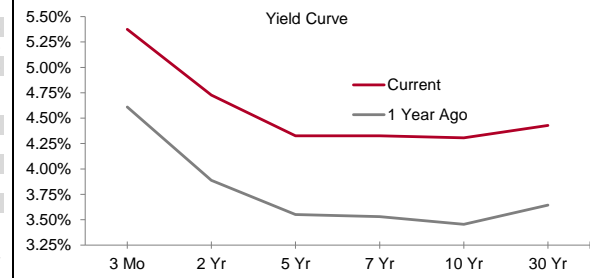
### Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
<b>Large</b>					
2.47	1.88	1.40	4.69	7.63	10.20
<b>Mid</b>					
0.73	2.61	4.28	-0.44	5.45	11.16
<b>Small</b>					
-2.66	-2.27	-1.88	-4.27	-1.97	0.32

\*S&P Indices

### Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
<b>Govt</b>					
0.03	-0.10	-0.01	-0.06	-0.96	-5.15
<b>Corp</b>					
0.17	0.15	0.35	0.43	-0.47	-3.26
<b>HY</b>					
0.88	0.82	0.50	1.47	0.77	0.85

1-3 Yrs 1-10 Yrs +10 Yrs

### Economic Data

	Last Release	Year Ago
<b>Inflation</b>		
CPI Headline Inflation	3.2%	6.0%
CPI Core Inflation	3.8%	5.5%
Personal Consumption Exp (PCE) Core	2.8%	4.9%
<b>Jobs</b>		
Unemployment Rate (U3)	3.9%	3.6%
Broader Unemployment Rate (U6)	7.3%	6.8%
JOLT Survey (in millions)	8.86	10.43
Jobless Claims (000's)	209	221
Change in Non-Farm Payroll (000's)	275	287
Average Hourly Earnings (Y/Y % Change)	4.3%	4.7%
<b>Consumer &amp; Spending</b>		
Consumer Confidence (Conf Board)	106.7	103.4
Consumer Spending (\$ Bil)	19,054	18,230
Consumer Credit (\$ Bil)	5,039	4,916
Retail Sales (\$ Bil)	701	690
<b>Housing</b>		
Housing Starts (000's)	1,331	1,340
Case-Shiller Home Price Index	310.67	294.39
<b>U.S. Productivity</b>		
Real Gross Domestic Product (\$ Bil)	22,669	21,990
Quarter over Quarter Change	3.2%	2.6%
Year Over Year Change	3.1%	0.7%
ISM Manufacturing	47.80	47.70
Capacity Utilization	78.25	79.55
Markit US Composite PMI	52.50	50.10
<b>U.S. General</b>		
Leading Economic Indicators	102.7	110.4
Trade Weighted Dollar Index	120.4	121.5
EUR / USD	1.09	1.06
JPY / USD	149.04	133.42
CAD / USD	0.74	0.73
AUD / USD	0.66	0.66

### S&P 500 Sector Returns

	1 Month	YTD
Communication Services	-0.55%	11.38%
Information Technology	2.23%	10.87%
Energy	6.96%	9.31%
Financials	2.65%	8.52%
Industrials	2.85%	7.18%
Health Care	0.18%	6.69%
Materials	7.18%	6.08%
Consumer Staples	3.38%	5.42%
Consumer Discretionary	-0.56%	1.41%
Utilities	3.52%	0.17%
Real Estate	0.76%	-2.51%

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