

Monthly Newsletter

March 2024



Monthly Market Recap

Thanks to our friend Punxsutawney Phil who predicted an early spring giving investors more optimism, markets saw a volatile but overall positive performance for the month of February. The S&P 500 increased by 5.34%. The DJIA also increased by 3.84% and the NASDAQ moved higher by 7.33%.

Consumer spending fell sharply in January, declining 0.8% for the month. Although the pullback was considerably more than anticipated, it doesn't necessarily point to a fundamental shift in consumer spending. Following the strong holiday shopping month of December and the cold weather, sales usually see this unfavorable seasonal adjustment. However, stubbornly high inflation might also be finally taking a toll. For now, consumer strength has been at the center of a resilient U.S. economic growth picture.

The unemployment rate remains stable at 3.7% for the third month in a row. This is the first time since 1967 that the unemployment rate has been below 4% for 24 months straight, a remarkable feat to say the least. The overall resilience of the U.S. labor market continues to surprise economists with employment growth coming in much stronger than expected for January. Job growth was more widespread across industries, another healthy sign that the jobs market is on solid ground for the start of this year.

Inflation readings once again came out higher than expected. CPI rose 0.3% in January and 3.1% year over year, down from 3.4% in December. Excluding food and energy prices, the Core CPI accelerated 0.4% in January and was up 3.9% from a year ago, unchanged from December. Like December, stubbornly high shelter prices weighed on consumers and accounted for most of the increase. Financial markets started the year looking for aggressive interest rate cuts, but policymakers have been more cautious and transparent on their focus purely being on data. These recent inflation numbers have created more of a balance between the market and the Federal Reserve expectations.

As we enter March, earnings season for Q4 has come to an end. On a year over year basis, the S&P 500 reported earnings growth for the second consecutive quarter. Seven of the eleven sectors reported earnings growth, including Communication Services, Consumer Discretionary, Utilities and Information Technology. 75% of companies reported a positive EPS surprise, and 65% of companies have reported a positive revenue surprise. Earnings released by companies such as NVIDA exceeded expectations, spurring continued Artificial Intelligence momentum, and advancing Large-Cap stocks this month.

Investors will be closely watching economic indicators for clues about which way the Federal Reserve will go in terms of monetary policy and interest rates. For now, more evidence is needed that inflation is on the path towards the Federal Reserve's 2% goal before starting to cut. With March starting, research shows that stock prices tended to dip after daylight savings time. Will that continue to be true this year or will the luck of St. Patrick's Day turn the markets more positive?

| | Index Return % | |
|-----------------|----------------|------|
| | MTD | YTD |
| Equities | | |
| S&P 500 | 5.3% | 7.1% |
| Russell 3000 | 5.4% | 6.6% |
| Nasdaq | 6.2% | 7.3% |
| Dow Jones | 2.5% | 3.8% |

| Fixed Income | | |
|-------------------------|-------|-------|
| US Aggregate | -1.4% | -1.7% |
| US Corporate High Yield | 0.3% | 0.3% |

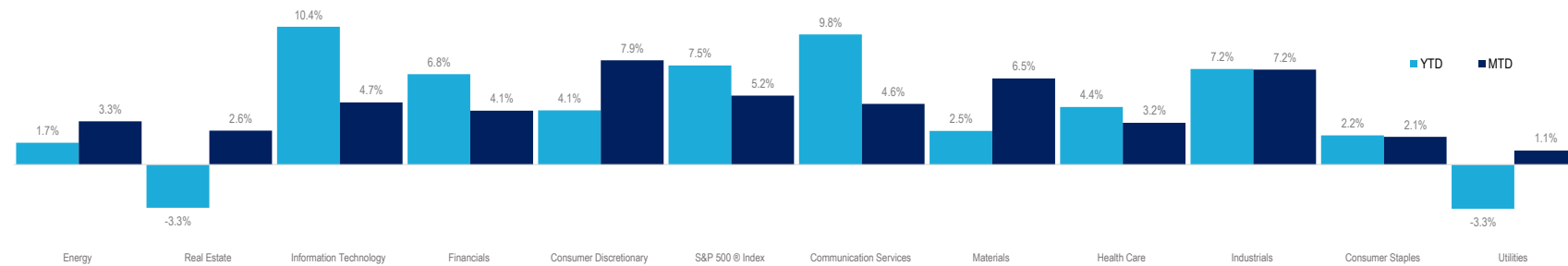
| | Rate % | |
|-------------------------|--------|--|
| | Jan-24 | |
| Economic Metrics | | |
| US Unemployment Rate | 3.70% | |
| US Inflation Rate | 3.09% | |

| | Levels | |
|-----------------------|----------|----------|
| | Jan-24 | Feb-24 |
| Commodities | | |
| Oil (WTI) | 76.28 | 78.53 |
| Gold | 2,053.30 | 2,027.50 |
| DowJ. Commodity Index | 961.60 | 948.49 |

| | Rate % | |
|------------------------------|--------|--------|
| | Jan-24 | Feb-24 |
| Interest Rates | | |
| 10 Year Treasury Rate | 3.99% | 4.27% |
| 30 Year Treasury Rate | 4.22% | 4.40% |
| 30 Year Mortgage Rate | 6.69% | 6.94% |
| US Corp. AAA Effective Yield | 4.57% | 4.87% |

All numbers reported are as of February 29 2024

| Major Economic Events | Date |
|------------------------------|--------|
| Employment Situation | 8-Mar |
| Inflation Rate | 12-Mar |
| FOMC Meeting | 20-Mar |



Sources

| | |
|-------------------------------------|---|
| S&P 500 Performance | https://ycharts.com/indices/%5ESPXTR/level |
| Russell 3000 Performance | https://ycharts.com/indices/%5ERUATR/level |
| Nasdaq Performance | https://ycharts.com/indices/%5ENA100TR/level |
| Dow Jones Performance | https://ycharts.com/indices/%5EDJITR |
| US Aggregate Performance | https://ycharts.com/indices/%5EBBUSATR |
| US Corporate High Yield Performance | https://ycharts.com/indices/%5EBBUSCOHYTR |
| US Unemployment Rate | https://ycharts.com/indicators/us_unemployment_rate |
| US Inflation Rate | https://ycharts.com/indicators/us_inflation_rate |
| 10 Year Treasury Rate | https://ycharts.com/indicators/10_year_treasury_rate |
| 30 Year Treasury Rate | https://ycharts.com/indicators/30_year_treasury_rate |
| 30 Year Mortgage Rate | https://ycharts.com/indicators/30_year_mortgage_rate |
| US Corp. AAA Effective Yield | https://ycharts.com/indicators/us_coporate_aaa_effective_yield |
| European Markets Performance | https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736 |
| Sectors & Industries Performance | https://ycharts.com |
| Dow Jones Commodity Index | https://ycharts.com/indices/%5EDJCI |
| Gold Price | https://ycharts.com/indicators/gold_price_in_us_dollar |
| Crude Oil Price | https://ycharts.com/indicators/wti_crude_oil_spot_price |

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