

Monthly Newsletter

May 2024



Monthly Market Recap

Investors saw increased volatility in the market this April, experiencing the first month of negative returns this year. The S&P 500 decreased by 4.08%. The DJIA also decreased by 4.92% and the NASDAQ moved lower by 4.38%.

April is typically the second-best month for stock performance, but this year it seems that investors grew more cautious. Everyone is patiently awaiting more news from the next FOMC meeting, and looking for major companies to report earnings over the next few weeks. Geo-political tensions also increased this month as Iran became involved in the war between Israel and Hamas.

The unemployment rate came in at 3.8% for March, decreasing from February. Unemployment has remained below the 4% mark since January 2022 – which is the longest period this has occurred since the Vietnam War. Job creation continued to accelerate and exceed expectations for the month. As the pandemic recovery comes to completion, it was predicted that job growth would slow at this point and that the US labor market would weaken due to interest rate hikes and inflation. This goes to show the resilience of the labor market.

Inflation continued to grow higher in March, with the CPI increasing 0.4% for the month and 3.5% from a year ago. With both the monthly gain and annual rate coming in above the projections, inflation continues to accelerate, weighing on the hopes that the Federal Reserve will be able to cut interest rates soon. Excluding food and energy prices, the core CPI rose 0.4% in March and was up 3.8% from a year ago, which was also higher than expected. Energy and shelter costs remain the main source of the increase.

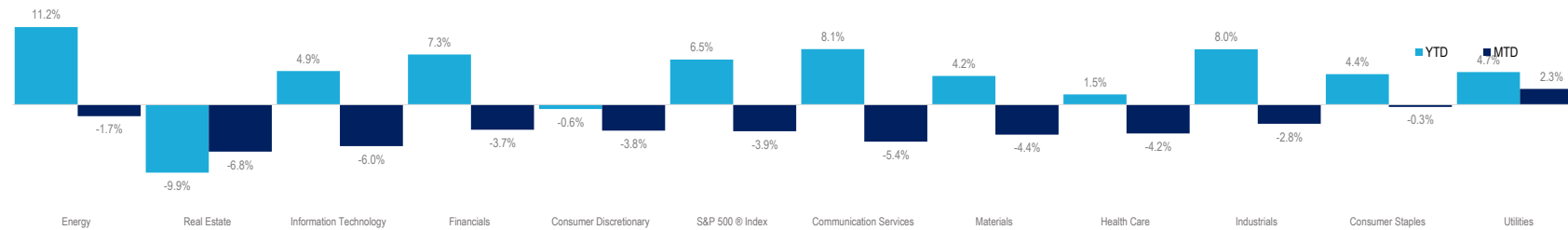
April marks the start of earnings season for the first quarter of 2024, with 46% of the S&P 500 companies reporting results. So far, 77% have reported a positive EPS surprise and 60% reporting positive revenue surprise. At the sector level, six are reporting a year over year increase in their net profit margins, led by Information Technology, Utilities and Communication Series. So far, earnings have helped the markets rally, giving the markets strength amid high inflation and uncertainty around when the Federal Reserve could begin easing interest rates. With more earnings to come, we hope this positive trend continues to move the market forward.

You have probably heard the phrase “sell in May and go away”, referring to the six-month period between May and October where the market delivers weaker returns. Although there are many factors that remain uncertain, our team continues to be cautiously optimistic on market performance for this year. Looking on the bright side, let’s hope that the phrase “April showers, brings May flowers” rubs off on the markets, and we see a month of positive returns.

	Index Return %	
	MTD	YTD
Equities		
S&P 500	-4.1%	6.0%
Russell 3000	-4.4%	5.2%
Nasdaq	-4.4%	4.5%
Dow Jones	-4.9%	0.9%
Fixed Income		
US Aggregate	-2.5%	-3.3%
US Corporate High Yield	-0.9%	0.5%
Economic Metrics		
	Rate %	
	Mar-24	
US Unemployment Rate	3.80%	
US Inflation Rate	3.48%	
Levels		
Commodities		
	Mar-24	Apr-24
Oil (WTI)	83.96	84.26
Gold	2,214.40	2,343.10
DowJ. Commodity Index	989.28	1,019.15
Interest Rates		
	Rate %	
	Mar-24	
	Apr-24	
10 Year Treasury Rate	4.20%	4.63%
30 Year Treasury Rate	4.34%	4.75%
30 Year Mortgage Rate	6.79%	7.17%
US Corp. AAA Effective Yield	4.80%	5.22%

All numbers reported are as of April 30 2024

Major Economic Events	Date
Employment Situation	3-May
Inflation Rate	15-May
FOMC Meeting	1-May



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