

# Monthly Newsletter

## February 2024



### Monthly Market Recap

January ended on a positive note for the markets. This gives investors hope that if the theory of the "January Barometer" proves to be true, the overall performance this year will remain positive. The S&P 500 increased by 1.68%. The DJIA also increased by 1.31% and the NASDAQ moved higher by 1.04%.

After two years of concern that a potential hard landing for the U.S. economy might be just around the corner, the S&P 500 achieved a new all-time high on January 19th, followed by five straight days of successive highs. Despite the pressure from high interest rates, strong fundamentals and resiliency in the economy are what moved the markets into recovery.

The unemployment rate continues to be low at 3.7% for December, remaining below 4%. The labor market remains tight, but supply and demand are coming into balance, with the labor force participation rate coming down to 62.5%. U.S. payrolls increased much better than expected. Although hiring has slowed recently, layoffs remain at record lows.

Inflation readings came in higher than expected with CPI rising 0.3% in December and up 3.4% year over year. Even with the slight gain, many still projected the strong possibility that interest rate cuts would begin in March. However, The Fed Chairman Jerome Powell indicated at yesterday's FOMC meeting that interest rate cuts are not likely for March. He reiterated that they are committed to returning inflation to 2% and that continued evidence is needed to build confidence that we will reach that goal. Excluding food and energy prices, the Core CPI increased 0.3% on the month and 3.9% from a year ago. Most of this increase came from rising shelter costs, and as long as they remain elevated the Fed might continue to push back the start of rate cuts.

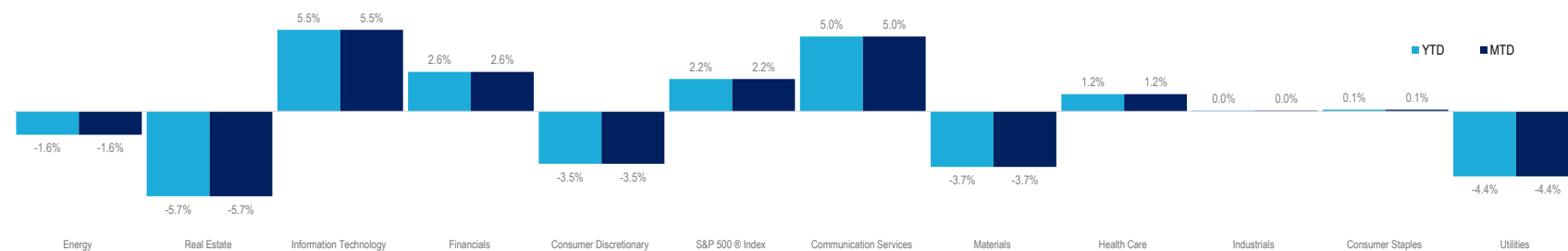
Earnings season for Q4 has officially started. Excluding financials, results so far have come in above expectations. Resilient pricing power drove consumer sectors up, and tech is looking at another strong quarter as demand remains strong for AI-driven software. The next few weeks will be key for results, and we will be keeping a close watch.

The U.S. economy continues to remain resilient with Q4 2023 real GDP increased at a 3.3% annualized rate, supported by strong consumer spending and a powerful labor market. Although the overall outlook for this coming year is optimistic, the economy could also face more challenges ahead. With Groundhog Day around the corner, you might be interested in what Punxsutawney Phil predicts. Research has found that if he doesn't see his shadow, markets get a boost. Why? Investors get optimistic at the thought of an early spring!

	Index Return %	
	MTD	YTD
<b>Equities</b>		
S&P 500	1.7%	1.7%
Russell 3000	1.1%	1.1%
Nasdaq	1.0%	1.0%
Dow Jones	1.3%	1.3%
<b>Fixed Income</b>		
US Aggregate	-0.3%	-0.3%
US Corporate High Yield	0.0%	0.0%
	<b>Rate %</b>	
<b>Economic Metrics</b>	<b>Dec-23</b>	
US Unemployment Rate	3.70%	
US Inflation Rate	3.35%	
	<b>Levels</b>	
<b>Commodities</b>	<b>Dec-23</b>	<b>Jan-24</b>
Oil (WTI)	71.89	77.25
Gold	2,078.40	2,018.50
DowJ. Commodity Index	957.80	961.60
	<b>Rate %</b>	
<b>Interest Rates</b>	<b>Dec-23</b>	<b>Jan-24</b>
10 Year Treasury Rate	3.88%	4.06%
30 Year Treasury Rate	4.03%	4.28%
30 Year Mortgage Rate	6.61%	6.69%
US Corp. AAA Effective Yield	4.52%	4.57%

All numbers reported are as of January 31 2024

Major Economic Events	Date
Employment Situation	2-Feb
Inflation Rate	13-Feb
FOMC Meeting	20-Mar



**Sources**

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

"Securities offered through Registered Representatives of Cadaret Grant & Co., Inc., a broker-dealer, member FINRA/SIPC. Advisory services offered through Arch Global Advisors, a Registered Investment Adviser. Arch Global Advisors and Cadaret Grant are not affiliated."