



WEEK OF APRIL 1, 2024

# Market Update

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The S&P 500 outpaced the tech-oriented Nasdaq Composite in the first quarter. Bond yields were little moved in a short week of trading.

## Quick Hits

- 1. Report releases:** Durable goods orders rebounded in February, signaling solid business investment during the month.
- 2. Financial market data:** The S&P 500 has increased for five consecutive months.
- 3. Looking ahead:** All eyes will be on Friday's employment report as the Federal Reserve (Fed) moves closer to a potential interest rate cut.



## Report Releases: March 25–28, 2024

### New Home Sales February (Monday)

New home sales rose by just 1,000 in February, missing expectations. This will be worth watching as we enter the spring season.

- Expected/prior month new home sales: 677,000/661,000
- Actual new home sales: 662,000



### Preliminary Durable Goods Orders February (Tuesday)

Durable goods orders partially rebounded in February after experiencing a large decline the previous month. The January slump was largely due to a slowdown in volatile aircraft orders. Core durable goods orders showed a more moderate decline and rebound to start the year.

- Expected/prior durable goods orders monthly change: +1%/-6.9%
- Actual durable goods orders change: +1.4%
- Expected/prior core durable goods orders monthly change: +0.4%/-0.3%
- Actual core durable goods orders change: +0.5%



### Conference Board Consumer Confidence Index March (Tuesday)

Consumer confidence surprisingly fell, marking two consecutive months with lower confidence levels. Although consumer views on current economic conditions improved, expectations for the future unexpectedly soured.

- Expected/prior month consumer confidence: 104.8/107
- Actual consumer confidence: 104.7



### Personal Income and Spending February (Friday)

Existing personal income rose 0.3 percent in February, slightly below expectations of a 0.4 percent rise. Real personal spending (removing inflation) was better than expected, growing 0.4 percent versus expectations of 0.1 percent growth.



## >> The Takeaway

- Real personal spending beat expectations despite a surprising fall in consumer confidence.
- Durable goods orders were better than expected, indicating improving business activity.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.40%	3.22%	10.56%	31.76%
Nasdaq Composite	-0.29%	1.85%	9.31%	37.43%
DJIA	0.84%	2.21%	6.14%	23.72%
MSCI EAFE	0.13%	3.29%	5.78%	15.77%
MSCI Emerging Markets	0.45%	2.48%	2.37%	8.65%
Russell 2000	2.60%	3.58%	5.18%	22.02%

Source: Bloomberg, as of March 28, 2024

Small-caps led the way in the last week of the first quarter. The S&P 500 closed higher, marking its fifth consecutive month of gains, whereas the Nasdaq Composite fell slightly. This dynamic will be worth watching as we see if the rally can gain breadth beyond Nvidia, Meta Platforms, and Tesla, which each fell at least 2.9 percent.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.92%	-0.78%	2.17%
U.S. Treasury	0.64%	-0.96%	0.55%
U.S. Mortgages	1.06%	-1.04%	1.63%
Municipal Bond	0.00%	-0.39%	3.27%

Source: Bloomberg, as of March 28, 2024

Treasury yields were little moved in the holiday-shortened week of trading. The 5-year rose 2 basis points (bps) to close the week at 4.22 percent.

### >> The Takeaway

- The S&P 500 outpaced the Nasdaq Composite in the first quarter of the year.
- Yields were relatively benign in a holiday-shortened week of trading.



## Looking Ahead

All eyes will be on Friday's employment report for March as the Fed moves closer to its first interest rate cut of 2024.

- The week kicks off Monday with the release of the **ISM Manufacturing index** for March. Manufacturer confidence is set to improve, but the index is expected to remain in contractionary territory.
- On Tuesday, the **ISM Services index** for March will be released. Economists expect to see unchanged service sector confidence after the index fell more than expected in February.
- The **trade balance report** for February is due Thursday. The international trade deficit is expected to narrow modestly after widening to start the year.
- Finally, the week wraps Friday with the March **employment report**. Hiring growth is expected to slow after two months with strong growth. Despite the anticipated slowdown, the unemployment rate is expected to fall from 3.9 percent to 3.8 percent.







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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

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