



Weekly Recap

The U.S. equity markets finished February on a higher note, with the S&P 500 and Nasdaq closing at record highs, marking their fourth straight month of gains. The economic calendar provided investors with mixed data. January durable goods were down 6.1% month over month (M/M) compared to a -5% consensus, reflecting ongoing Boeing issues, which caused a decline in the company's orders. February consumer confidence was much weaker than expected, decreasing to 106.7, missing the consensus of 114.8, while January was revised lower. Labor market uncertainty was the catalyst for the underwhelming January consumer confidence print. The much-anticipated January PCE report, the Fed's preferred measure of inflation, was in line with consensus estimates up 0.3%. December was revised lower to 0.1% from 0.2%. The core PCE was up 0.4%, meeting the consensus with a downward revision from last month. The report did not change the rate cut forecast for the market. The chance of a May rate cut is now at 20%. With 97% of S&P 500 companies reporting Q4 results, 73% have reported earnings that exceeded estimates, and 64% had a positive revenue surprise. Record buybacks have been another area of strength for equities. Some analysts have raised their year-end targets for the S&P 500 pointing to moderating inflation, a resilient economy, and strong fundamentals for big tech stocks.

Key Thought for The Week

The Fed maintains that more evidence is required that inflation is sustain-ably approaching its 2% target before reducing rates, which contrasts with the market expectations for rate cuts later in the year. This week, 10 FOMC participants collectively made 14 public appearances. They continued to highlight that inflation is falling, the economy remains strong, there is no rush to cut rates, and the Fed can take its time before easing. The drop in inflation has primarily been driven by reductions in energy prices as oil markets rebalanced and falling goods prices as supply chains healed. However, shelter and transportation services costs continue to drive inflation and remain sticky. At the start of the year, markets were pricing in 147 basis points (bps) of easing or six rate cuts. Today, fed fund futures are pricing only 90 bps of easing or less than four rate cuts by the end of the year. Due to seasonality adjustments, economic data in January and February were confusing and challenging to interpret. The economic data released over the next few weeks will be crucial in setting market expectations for the economy and future bond yields. The most impactful data investors will focus on is CPI, PPI, and retail sales. The Fed's rate decision and commentary following the FOMC meeting on March 20th will also largely shape market sentiment in the early spring.

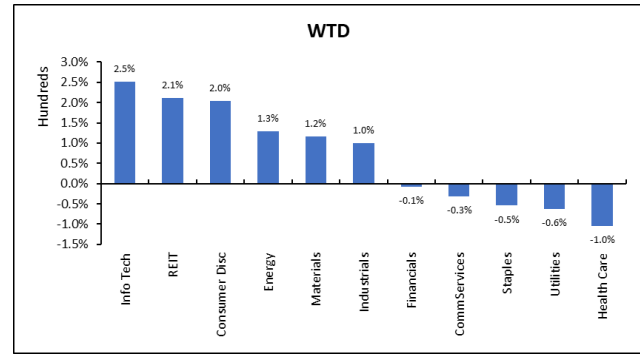
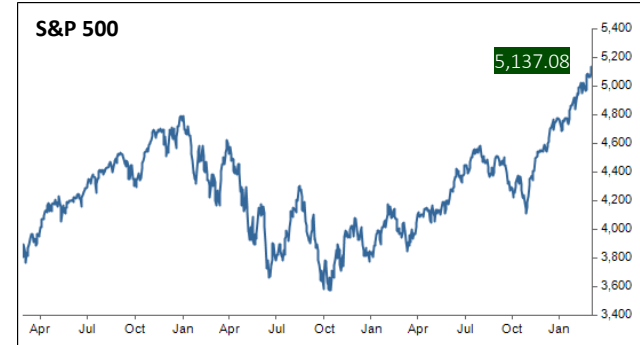
| 3/1/2024 | Wk Net Change | Wk % Change | Div Yield | YTD Change | 12 Mos % Change |
|-----------------|---------------|-------------|-----------|------------|-----------------|
| STOCKS | Close | | | | |
| DJIA | 39,087.38 | -44.15 | -0.11 | 1.83 | 19.67 |
| S&P 500 | 5,137.08 | 48.28 | 0.95 | 1.39 | 30.01 |
| NASDAQ | 16,274.94 | 278.12 | 1.74 | 0.73 | 8.42 |
| S&P MidCap 400 | 2,910.66 | 52.64 | 1.84 | 1.58 | 4.64 |
| EAFE | 2,285.97 | -2.45 | -0.11 | 3.02 | 2.23 |
| Emerging Market | 1,020.94 | -7.37 | -0.72 | 2.70 | -0.27 |

| TREASURIES | Yield | FOREX | Price | Change |
|------------|-------|---------|--------|--------|
| 1-Year | 4.94 | USD/EUR | 1.08 | 0.15 |
| 2-Year | 4.53 | JPY/USD | 150.12 | 0.26 |
| 5-Year | 4.16 | USD/GBP | 1.27 | -0.13 |
| 10-Year | 4.18 | CAD/USD | 1.36 | -0.41 |
| 30-Year | 4.33 | | | |

Source: FactSet/Bloomberg

| Sector - Large Cap | Close | Wk Net Change | WTD | MTD | QTD | YTD |
|--------------------------------|----------|---------------|--------|--------|--------|--------|
| Defensive | | | | | | |
| Staples | 788.91 | -4.27 | (0.5%) | (0.0%) | 3.5% | 3.5% |
| Health Care | 1,702.79 | -18.01 | (1.0%) | 1.0% | 7.1% | 7.1% |
| CommServices | 273.90 | -0.85 | (0.3%) | 0.5% | 11.3% | 11.3% |
| Eco Sensitive | | | | | | |
| Consumer Disc | 1,491.02 | 29.75 | 2.0% | 0.4% | 5.1% | 5.1% |
| Energy | 660.81 | 8.46 | 1.3% | 1.2% | 3.2% | 3.2% |
| Industrials | 1,026.20 | 10.15 | 1.0% | 0.4% | 6.4% | 6.4% |
| Info Tech | 3,815.25 | 93.26 | 2.5% | 1.8% | 12.3% | 12.3% |
| Materials | 553.03 | 6.36 | 1.2% | 0.4% | 2.5% | 2.5% |
| Interest Rate Sensitive | | | | | | |
| Financials | 668.58 | -0.49 | (0.1%) | (0.2%) | 6.7% | 6.7% |
| Utilities | 311.46 | -1.96 | (0.6%) | (0.7%) | (3.2%) | (3.2%) |
| REIT | 248.07 | 5.12 | 2.1% | 1.1% | (1.4%) | (1.4%) |

| COMING UP NEXT WEEK | Consensus | Prior |
|---|----------------|--------|
| 03/05 Markit PMI Services SA (Final) | (Feb) 51.3 | 51.3 |
| 03/05 Durable Orders SA M/M (Final) | (Jan) -6.1% | -6.1% |
| 03/05 Factory Orders SA M/M | (Jan) -2.5% | 0.20% |
| 03/05 ISM Services PMI SA | (Feb) 52.5 | 53.4 |
| 03/06 ADP Employment Survey SA | (Feb) 150.0K | 107.0K |
| 03/06 JOLTS Job Openings | (Jan) 8,950K | 9,026K |
| 03/07 Initial Claims SA | (03/02) 215.0K | 215.0K |
| 03/07 Unit Labor Costs SAAR Q/Q (Final) | (Q4) 1.8% | 0.50% |
| 03/07 Productivity SAAR Q/Q (Final) | (Q4) 2.3% | 3.2% |
| 03/08 Nonfarm Payrolls SA | (Feb) 200.0K | 353.0K |
| 03/08 Unemployment Rate | (Feb) 3.7% | 3.7% |



Russell Style Return

| WTD | Value | Blend | Growth |
|--------|-------|-------|--------|
| Large | 0.72% | 1.03% | 1.27% |
| Medium | 1.61% | 1.63% | 1.69% |
| Small | 2.18% | 3.00% | 3.83% |

| YTD | Value | Blend | Growth |
|--------|---------|-------|--------|
| Large | 4.24% | 7.69% | 10.63% |
| Medium | 3.51% | 4.69% | 7.52% |
| Small | (0.69%) | 2.61% | 6.08% |