Peapack Private

The Weekly
Economic & Market Recap

March 22, 2024

Weekly Recap

Markets continued to move higher this week with little headline news to reverse its positive trajectory. This week brought abundant housing data with Tuesday's release of U.S. Building Permits and Housing Starts. Single-family housing starts surged in February with growth of 11.6% month-over-month, reaching the highest level in nearly two years. Analysts highlight mild temperatures, continued stress on housing supply, builders reducing prices, and offering incentives as the main catalysts for this month's bounce. Existing home sales in February grew by 9.5% to a seasonally adjusted annual rate of 4.38 million units, reaching the highest levels in a year. Recent improvements in housing supply and a modest deceleration in mortgage rates are looking to spur home sales in the spring. Employment data was released this week, with initial jobless claims and continuing claims reporting inline or better than expected results despite continued layoffs plaguing the technology sector. Initial jobless claims came in at 210,000, lighter than the 213,500 expected and improved from the prior report of 212,000. Continuing claims were reported in line with market expectations, with 1.8 million individuals collecting unemployment benefits. The U.S. labor market remains resilient with an unemployment rate of 3.9%, slightly higher from previous readings but far below historical norms, in a high-interest rate environment. The week ended with the Federal Reserve opting to keep interest rates unchanged, which markets were anticipating after last week's hotter-than-expected CPI reading. Fed Chair Jerome Powell reiterated prior forecasts that Fed officials expect to lower the Fed funds rate by three-quarters of a percentage point by the end of the year.

Key Thought for The Week

Market participants responded favorably this week to the statement following the FOMC meeting and comments from Fed Chair Jerome Powell, which signaled an impending relaxation of its restrictive monetary policy stance. Powell reaffirmed the central bank's anticipation of three one-quarter point interest rate cuts while hinting at a potential deceleration in the pace of balance sheet asset reduction. Following a cumulative increase of over five percentage points in the Federal Funds rate since March 2022, Fed officials have consistently emphasized a cautious approach towards lowering the benchmark lending rate until they are confident that inflation will attain the targeted level. Despite inflation data surpassing initial expectations since the beginning of 2024, Powell reiterated that the recent uptick in inflationary pressures has not altered the perception that price increases have notably moderated. Nonetheless, the overarching concern for both markets and the economy persists: a premature easing by the Fed may reignite inflationary pressures. Conversely, delaying rate cuts excessively could significantly damage employment levels and output. Despite the potential risks of easing interest rates too late, markets continue to rally, reflecting further optimism and heightened growth expectations. Valuations appear stretched, with the S&P 500's forward price-to-earnings ratio currently hovering slightly above 21x. Whether investors and traders will sustain recent buying activity remains uncertain as market attention shifts to March CPI readings, set for release in April. These readings and upcoming economic data will offer further insights into the trajectory of monetary policy and the broader direction of widely followed indices.

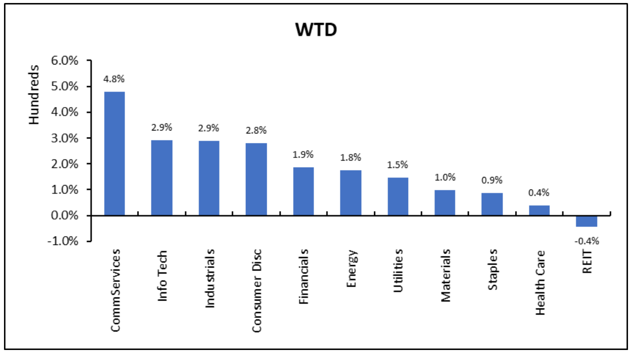
3/22/2024 STOCKS	Close	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
DJIA	39,475.90	761.13	1.97	1.83	4.74	23.25
S&P 500	5,234.18	117.09	2.29	1.36	9.74	32.95
NASDAQ	16,428.82	455.64	2.85	0.72	9.44	40.78
S&P MidCap 400	2,991.26	67.50	2.31	1.57	7.54	24.78
EAFE	2,356.36	31.24	1.34	2.90	5.38	15.62
Emerging Market	1,048.34	13.60	1.31	2.70	2.40	9.03

TREASURIES	Yield
1-Year	4.97
2-Year	4.59
5-Year	4.18
10-Year	4.20
30-Year	4.38

FOREX	Price	Wk % Change
USD/EUR	1.08	-0.74
JPY/USD	151.41	-1.57
USD/GBP	1.26	-1.06
CAD/USD	1.36	-0.46

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	806.75	7.03	0.9%	2.2%	5.8%	5.8%
Health Care	1,696.81	6.47	0.4%	0.6%	6.7%	6.7%
CommServices	286.45	13.08	4.8%	5.1%	16.4%	16.4%
Eco Sensitive						
Consumer Disc	1,475.13	40.03	2.8%	(0.7%)	4.0%	4.0%
Energy	705.67	12.19	1.8%	8.0%	10.3%	10.3%
Industrials	1,060.31	29.77	2.9%	3.7%	9.9%	9.9%
Info Tech	3,869.95	109.66	2.9%	3.2%	13.9%	13.9%
Materials	575.83	5.57	1.0%	4.5%	6.7%	6.7%
Interest Rate Sensitive						
Financials	689.52	12.57	1.9%	2.9%	10.1%	10.1%
Utilities	324.34	4.64	1.5%	3.4%	0.8%	0.8%
REIT	242.74	-1.08	(0.4%)	(1.1%)	(3.5%)	(3.5%)



COMING UP NEXT WEEK		Consensus	Prior
03/25 New Home Sales SAAR	(Feb)	667.5K	661.0K
03/26 Consumer Confidence	(Mar)	107.8	106.7
03/28 GDP SAAR Q/Q (Final)	(Q4)	3.3%	3.2%
03/28 Initial Claims SA	(03/23)	212.5K	210.0K
03/28 Chicago PMI SA	(Mar)	45.7	44.0
03/28 Michigan Sentiment NSA (Final)	(Mar)	77.0	76.5
03/29 Personal Consumption Expenditure SA M/M	(Feb)	-	0.20%
03/29 Personal Income SA M/M	(Feb)	0.40%	1.0%

Russell Style Return

WTD	Value	Blend	Growth
Large	1.66%	2.31%	2.85%
Medium	2.09%	2.05%	1.97%
Small	2.22%	1.61%	1.03%

YTD	Value	Blend	Growth
Large	7.03%	9.76%	12.08%
Medium	6.11%	6.83%	8.56%
Small	(0.08%)	2.51%	5.24%

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