



### Recap

Major U.S. indices finished lower in April after a strong start in Q1 2024. The pullback among equities was widespread, with the S&P 500 finishing April -4.16% while the S&P equal weight index finished the month -4.87%. Growth outperformed value by 39 basis points (bps) while the only S&P 500 sector to finish in positive territory was Utilities (+1.59%). U.S. consumer prices increased more than expected in March as CPI rose by 3.5% year-over-year (y/y), the most since September. Core CPI, which excludes volatile food and energy prices, rose 3.8% y/y slightly ahead of the 3.7% expected. The Personal Consumption Expenditures Index (PCE) increased by 2.7% y/y while Core PCE increased by 2.8% y/y – in line with consensus and the lowest reading since March 2021. Economists believe that core PCE remains too high for the Federal Reserve to consider cutting interest rates at this time – to begin April, markets were projecting the first interest rate cut to take place in November of this year. However, markets have now shifted their projection to a 25 bps cut in September due to a cooling labor market. The U.S. economy added 175,000 jobs in April, less than the 240,000 expected, while the unemployment rate rose to 3.9% from 3.8% the month prior. Wages also rose less than forecast, with average hourly earnings rising 3.9% y/y versus consensus of 4.0%. The U.S. economy grew 1.6% in the first quarter of 2024, below projections of 2.2% amid a surge in imports combined with reduced government spending. The U.S. consumer remains resilient however, as retail sales increased 0.7% month-over-month (m/m), higher than the consensus forecast of 0.4%. Treasury yields moved materially higher throughout April, with the 2Y yield rising 33 bps and crossing above 5% for the first time since November 2023. However, following the softer-than-expected labor market report, rates moved lower across the curve. As of May 3rd the yield curve remains inverted, with the 2Y/10Y spread at -31 bps. In corporate news, earnings have generally come in stronger than expected, with y/y earnings growth measuring 5% versus consensus of 3.4%.

### Key Thought for The Week

On Wednesday, the FOMC announced no change to the federal funds rate as was widely expected. The benchmark short-term borrowing rate remains between 5.25% - 5.50%, the same level since the Fed last hiked in July 2023. Although the decision to hold rates steady was no surprise, there were some noteworthy items which came from the Fed's statement and press conference. The Committee added a hawkish sentence to their statement noting that "there has been a lack of further progress towards the Committee's 2 percent inflation objective". However, the most notable aspect of Powell's press conference was his pushback against the possibility of rate hikes. Powell stated that he thinks it is "unlikely" that the next policy rate move will be a hike, and that the FOMC believes current monetary policy is sufficiently restrictive to get inflation lower. The Fed also announced a slowdown in the pace of their balance sheet normalization. Starting in June, the Fed will reduce the monthly cap on Treasury redemptions from \$60 billion per month to \$25 billion, while keeping the redemption cap of agency debt and agency mortgage-backed securities at \$35 billion per month. In sum, the actions and statements on Wednesday leaned dovish or were at least less hawkish than feared. Treasuries rallied across the curve as a result with the 2Y and 10Y yields dropping roughly 9 bps and 7 bps, respectively.

| 5/3/2024          |           | Wk     | Wk           |           | YTD      | 12 Mos   |
|-------------------|-----------|--------|--------------|-----------|----------|----------|
|                   | Close     | Change | % Change     | Div Yield | % Change | % Change |
| <b>STOCKS</b>     |           |        |              |           |          |          |
| DJIA              | 38,675.68 | 436.02 | 1.14         | 1.88      | 2.62     | 15.75    |
| S&P 500           | 5,127.79  | 27.83  | 0.55         | 1.39      | 7.50     | 25.35    |
| NASDAQ            | 16,156.33 | 228.43 | 1.43         | 0.74      | 7.63     | 34.35    |
| S&P MidCap 400    | 2,929.04  | 33.80  | 1.17         | 1.60      | 5.30     | 19.47    |
| EAFE              | 2,283.57  | 8.25   | 0.36         | 2.99      | 2.12     | 6.73     |
| Emerging Market   | 1,052.86  | 11.34  | 1.09         | 2.72      | 2.84     | 8.59     |
|                   |           |        |              |           | Wk       | %        |
| <b>TREASURIES</b> | Yield     |        | <b>FOREX</b> | Price     | Change   |          |
| 1-Year            | 5.13      |        | USD/EUR      | 1.08      | 0.64     |          |
| 2-Year            | 4.82      |        | JPY/USD      | 153.05    | 3.45     |          |
| 5-Year            | 4.50      |        | USD/GBP      | 1.25      | 0.43     |          |
| 10-Year           | 4.51      |        | CAD/USD      | 1.37      | -0.11    |          |
| 30-Year           | 4.67      |        |              |           |          |          |

### Sector - Large Cap

|                  | Close    | Wk Net Change | WTD    | MTD  | QTD    | YTD   |
|------------------|----------|---------------|--------|------|--------|-------|
| <b>Defensive</b> |          |               |        |      |        |       |
| Staples          | 809.66   | 3.17          | 0.4%   | 0.5% | (0.6%) | 6.2%  |
| Health Care      | 1,640.42 | 9.58          | 0.6%   | 0.4% | (4.8%) | 3.1%  |
| CommServices     | 286.53   | -1.58         | (0.6%) | 3.1% | 0.8%   | 16.5% |

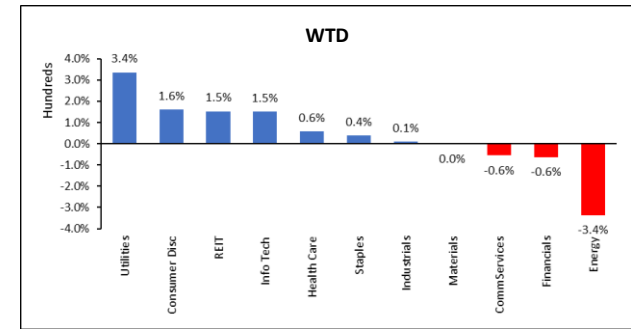
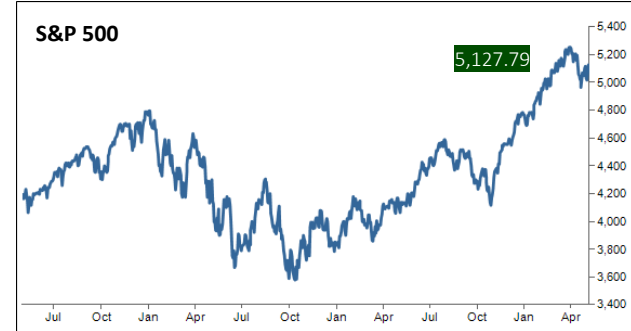
### Eco Sensitive

|               |          |        |        |        |        |       |
|---------------|----------|--------|--------|--------|--------|-------|
| Consumer Disc | 1,453.33 | 22.84  | 1.6%   | 2.3%   | (2.2%) | 2.5%  |
| Energy        | 706.80   | -24.54 | (3.4%) | (1.1%) | (2.0%) | 10.4% |
| Industrials   | 1,038.97 | 0.90   | 0.1%   | 1.1%   | (2.6%) | 7.7%  |
| Info Tech     | 3,734.81 | 55.43  | 1.5%   | 3.4%   | (2.3%) | 9.9%  |
| Materials     | 563.67   | -0.01  | (0.0%) | 1.0%   | (3.7%) | 4.5%  |

### Interest Rate Sensitive

|            |        |       |        |      |        |        |
|------------|--------|-------|--------|------|--------|--------|
| Financials | 674.59 | -4.27 | (0.6%) | 0.5% | (3.8%) | 7.7%   |
| Utilities  | 347.36 | 11.27 | 3.4%   | 2.5% | 4.2%   | 7.9%   |
| REIT       | 232.06 | 3.49  | 1.5%   | 2.3% | (6.5%) | (7.8%) |

| COMING UP NEXT WEEK |  |        | Consensus | Prior   |
|---------------------|--|--------|-----------|---------|
| 05/07               | Consumer Credit SA                     | (Mar)  | \$16.3B   | \$14.1B |
| 05/08               | Wholesale Inventories SA M/M (Final)   | (Mar)  | -0.10%    | -0.40%  |
| 05/09               | Continuing Jobless Claims SA           | (4/27) | -         | -       |
| 05/09               | Initial Claims SA                      | (5/4)  | -         | -       |
| 05/10               | Michigan Sentimental NSA (Preliminary) | (May)  | 77.0      | 77.2    |



### Russell Style Return

|        | WTD | Value | Blend | Growth  | YTD | Value   | Blend | Growth |
|--------|-----|-------|-------|---------|-----|---------|-------|--------|
| Large  |     | 0.04% | 0.60% | 1.07%   |     | 5.22%   | 7.52% | 9.49%  |
| Medium |     | 0.59% | 0.32% | (0.21%) |     | 4.11%   | 4.20% | 4.21%  |
| Small  |     | 2.03% | 1.78% | 1.49%   |     | (0.36%) | 0.85% | 1.97%  |