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Market Week: April 15, 2024

The Markets (as of market close April 12, 2024)

Stocks faltered for the second straight week as investors dealt with market-moving inflation data and a less-than-impressive start to first-quarter corporate earnings season. Both the Consumer Price Index and the Producer Price Index rose higher last week. Taken together, increases in the CPI and the PPI support a more cautious approach relative to the Federal Reserve's current monetary policy. It is certainly not likely that the Fed will lower interest rates in June. Also, last Friday, earnings reports from some major banks fell short of expectations. Each of the benchmark indexes listed here ended the week in the red. Among the market sectors, only information technology and communication services gained. Financials, health care, real estate, and materials each lost at least 2.0%. The dollar and gold prices edged higher. Crude oil prices slipped lower.

Wall Street saw stocks open mixed last Monday, with the Russell 2000 (0.5%) and the Global Dow (0.4%) posting gains, while the S&P 500, the Dow, and the Nasdaq ended flat. Ten-year Treasuries closed at 4.42%, the highest yield in over four months. Investors seemed to be tempering expectations of an interest rate cut by the Federal Reserve, while bracing for the release of the Consumer Price Index later in the week. Real estate, consumer discretionary, and financials were the best performing sectors, while health care, industrials, and energy lagged. Crude oil prices fell for the first time in several sessions, dipping to \$86.48 per barrel. The dollar slipped minimally, while gold prices rose 0.5%.

The Russell 2000 and the Nasdaq rose 0.3% last Tuesday to lead the benchmark indexes listed here. The S&P 500 gained 0.1%, while the Dow and the Global Dow were flat. Ten-year Treasury yields dipped to 4.36%. Crude oil prices fell \$1.09 to settle at \$85.34 per barrel. The dollar closed where it began. Gold prices gained 0.8%. Industrials and financials trended lower, while real estate outperformed the remaining sectors.

Stocks ended sharply lower last Wednesday following the release of the latest Consumer Price Index (see below), which dimmed hopes of an interest rate cut any time soon. Most now expect the federal funds target rate will remain at its 23-year high in June. Each of the benchmark indexes listed here declined. The Russell 2000 dropped 2.5%, the Dow fell 1.1%, the S&P 500 and the Global Dow lost 1.0%, and the Nasdaq slid 0.8%. The 10-year Treasury yield jumped 19.4 basis points to 4.56%, its highest since November 2023. Gold prices slipped from recent all-time highs, falling \$11.20 per ounce. Crude oil prices rose \$1.00 to \$86.22 per barrel. The dollar gained 1.0%.

Wall Street moved generally higher by the close of trading last Thursday. The Nasdaq gained 1.7%, while the Russell 2000 and the S&P 500 advanced 0.7%. The Global Dow ticked 0.2% lower, while the Dow was flat. Ten-year Treasury yields ended the session at 4.57%. Crude oil prices dipped \$0.60 to \$85.86 per barrel. The dollar ended the day where it began, while gold prices rose \$42.70 to \$2,391.10 per ounce. A slightly lower-than-expected Producer Price Index (see below) gave some encouragement to investors following the release of a higher-than-expected Consumer Price Index.

Last Friday was not a good day for equities. Each of the benchmark indexes listed here fell by at least 1.0%, led by the Russell 2000 (-1.9%) and the Nasdaq (-1.6%). The large caps of the S&P 500 (-1.5%) and the Dow (-1.2%) also declined, while the Global Dow lost 1.0%. Ten-year Treasury yields fell 7.7 basis points to settle at 4.49%. Crude oil prices gained nearly \$0.50. The dollar gained 0.7%, while gold prices fell 0.5%.



Key Dates/Data Releases

4/15: Retail sales

4/16: Industrial production,
housing starts

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 4/12	Weekly Change	YTD Change
DJIA	37,689.54	38,904.04	37,983.24	-2.37%	0.78%
Nasdaq	15,011.35	16,248.52	16,175.09	-0.45%	7.75%
S&P 500	4,769.83	5,204.34	5,123.41	-1.56%	7.41%
Russell 2000	2,027.07	2,063.47	2,003.17	-2.92%	-1.18%
Global Dow	4,355.28	4,634.14	4,552.22	-1.77%	4.52%
fed. funds target rate	5.25%-5.50%	5.25%-5.50%	5.25%-5.50%	0 bps	0 bps
10-year Treasury	3.86%	4.37%	4.49%	12 bps	63 bps
US Dollar-DXY	101.39	104.28	106.02	1.67%	4.57%
Crude Oil-CL=F	\$71.30	\$86.73	\$85.51	-1.41%	19.93%
Gold-GC=F	\$2,072.50	\$2,346.90	\$2,360.90	0.60%	13.92%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- Consumer prices rose 0.4% in March, the same increase as in February and slightly higher than expectations. Core prices, less food and energy, also rose 0.4%, unchanged from the February pace. For the year, the Consumer Price Index rose 3.5%, rising at the fastest rate since the 12-month period ended in September 2023. Core prices are up 3.8% since March 2023. In March, prices for shelter rose 0.4%, while gasoline prices advanced 1.7%. Combined, these two indexes contributed over half of the monthly increase in the March CPI. Energy prices rose 1.1% over the month, while prices for food ticked up 0.1% in March. While the preferred inflation indicator for the Federal Reserve is the personal consumption expenditures price index, the increase in the CPI over the past few months certainly supports the notion that getting inflation down to the Fed's 2.0% objective is going to take time and patience.
- The Producer Price Index increased 0.2% in March after advancing 0.6% in February. For the 12 months ended in March, producer prices rose 2.1%, the largest advance since rising 2.3% for the 12 months ended April 2023. In March, prices for services increased 0.3%, while prices for goods edged down 0.1%. In March, producer prices excluding food and energy rose 0.2%, down from the 0.3% increase in February.
- Prices for both imports and exports advanced in March for the third straight month. Import prices rose 0.4% last month and 1.4% over the first quarter of 2024, the largest three-month increase since the February-May 2022 period. Imports advanced 0.4% for the year ended in March. Rising fuel prices contributed to the increase in import prices. Fuel import prices rose 4.7% in March after increasing 1.3% the previous month. The March advance was the largest increase since September 2023. Nonfuel imports rose 0.1% in March and have not declined since October 2023. Prices for exports advanced 0.3% in March, after rising 0.7% in February and 0.8% in January. Higher nonagricultural prices in March more than offset lower agricultural prices. Despite the recent increases, export prices fell 1.4% from March 2023 to March 2024, the smallest 12-month drop since the 12 months ended February 2023.
- The Federal Treasury budget deficit was \$236.0 billion in March, roughly \$60.0 billion less than the February monthly deficit. In March, government receipts were \$332.0 billion, while outlays totaled \$569.0 billion. Thus far in fiscal year 2024, the deficit sits at \$1,065 billion compared to \$1,101 billion over the same period in fiscal year 2023.
- The national average retail price for regular gasoline was \$3.591 per gallon on April 8, \$0.074 per gallon more than the prior week's price but \$0.005 per gallon less than a year ago. Also, as of April 8, the East Coast price increased \$0.009 to \$3.391 per gallon; the Midwest price rose \$0.094 to \$3.460 per gallon; the Gulf Coast price increased \$0.099 to \$3.215 per gallon; the Rocky Mountain price rose \$0.029 to \$3.380 per gallon; and the West Coast price increased \$0.192 to \$4.748 per gallon.
- For the week ended April 6, there were 211,000 new claims for unemployment insurance, a decrease of 11,000 from the previous week's level, which was revised up by 1,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended March 30 was 1.2%,

unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended March 30 was 1,817,000, an increase of 28,000 from the previous week's level, which was revised down by 2,000. States and territories with the highest insured unemployment rates for the week ended March 23 were New Jersey (2.6%), California (2.4%), Rhode Island (2.4%), Minnesota (2.3%), Massachusetts (2.2%), Illinois (2.0%), New York (1.9%), Alaska (1.8%), Connecticut (1.8%), Pennsylvania (1.8%), and Washington (1.8%). The largest increases in initial claims for unemployment insurance for the week ended March 30 were in California (+2,147), Pennsylvania (+1,913), Iowa (+1,383), New Jersey (+1,230), and Illinois (+1,195), while the largest decreases were in Texas (-3,248), Missouri (-2,369), Georgia (-935), Arkansas (-459), and North Carolina (-400).

Eye on the Week Ahead

This is a light week for important economic news. The March report on retail sales is out this Monday. The previous month saw retail sales rise 0.6%, partially reflective of rising consumer prices. The report from the Federal Reserve on industrial production is also available this week. Industrial production ticked up 0.1% in February, while manufacturing rose 0.8%.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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