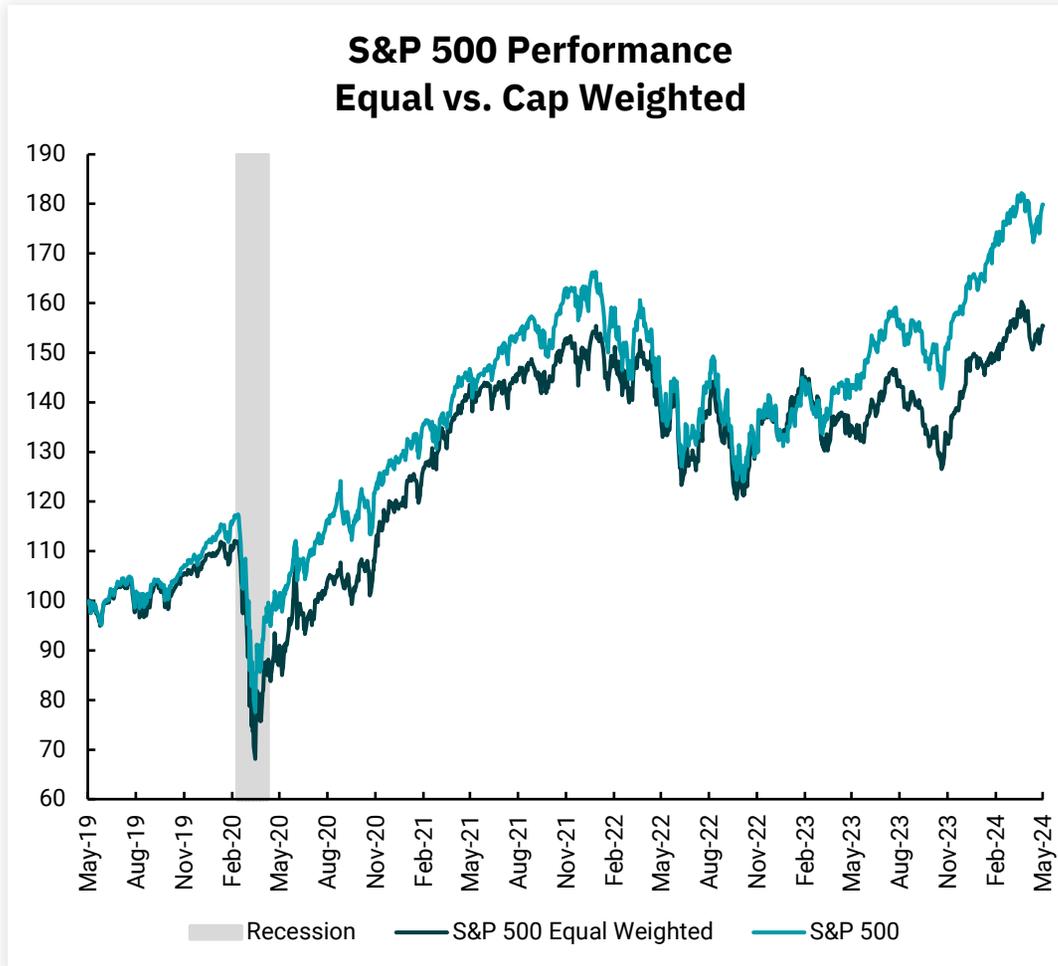


Weekly market update



Chart of the week (May 10, 2024)



Define the "stock market." What would initially seem easy becomes more complicated as we consider the various ways stocks are categorized: domestic versus international, large versus mid or small, value versus core or growth. Variations of these broad categories abound, leading to the creation of all kinds of indexes that are used to measure the performance of passive strategies versus active strategies. Globally, there are more stock indexes than actual company stocks. The proliferation of strategies that mirror these indexes has resulted in the amount of money invested in passive funds exceeding investments in actively managed funds. There is nothing "bad" or "good" about this trend, but it does highlight the fact that "invested passively" can mean many different things. And the performance between indexes and the funds which mirror them can differ dramatically.

Domestic stocks are defined by several indexes, but the most common are the Dow Jones Industrial Average (DOW), the S&P 500 and the NASDAQ. All have a large cap bias but significant differences in the number of stocks- 30, 500, and around 2500, respectively. There are also differences in how they measure performance. The DOW is a price-weighted index, which means movements in higher-priced stocks have a bigger impact on index performance. At the same time, the S&P 500 and the NASDAQ are capital-weighted indexes, which means the larger companies by market cap have a bigger, but not stable, influence on index performance. Lastly, there are some differences in the number and types of companies within the indexes. All three strive to represent a diversified reflection of the U.S. economy, but clearly, that is harder with only 30 stocks in the DOW, and the NASDAQ tends to be more heavily weighted towards technology stocks. For many, the most applicable representation of U.S. large cap stocks is the S&P 500.

This week's chart shows the index's performance as it is constructed, capital-weighted where the largest companies have more influence, versus an equal-weighted version where all companies carry the same influence. We do this to see how broad performance is across the index constituents. When the lines are close together it indicates that performance across sectors and companies is relatively similar. It is not surprising to see periods where the capital-weighted line is above the equal-weighted line as it makes sense to see well-managed profitable companies grow faster and become larger, which increases their index influence. However, one does not have to be an "expert chart reader" to see that the spread between these two measures has widened dramatically as we have moved through 2023 to today. As this has occurred the performance of the "index" has been heavily influenced by a smaller number of companies (think the Mag 7). It is hard to say how this spread might resolve itself going forward, but our preference would be for the broader market to begin to perform better, as opposed to the narrow number of leading stocks to decline.

Weekly market update

Commentary (May 10, 2024)



Domestic Equities

- U.S. stocks were positive for the week but turned negative on Friday after the University of Michigan's consumer sentiment survey showed Americans' outlook on inflation and the economy is dimming.
- Tech stocks fluctuated this week, struggling to maintain momentum amidst rising rates and regulatory uncertainties. The tech-heavy NASDAQ Composite was about flat for the week. Chip stocks rose as quarterly reports are showing revenues increasing faster than ever.
- Energy and Financials showed resilience this week, buoyed by strong earnings reports and anticipation of a broader economic recovery.
- Most U.S. companies have reported earnings at this point. Results have been overwhelmingly positive with 78% of reports beating expectations. Outlooks for the rest of the year have also been strong.

Bonds

- The U.S. Treasury yield curve inverted further, with short- to intermediate-term rates rising and longer-term rates falling due to mixed economic data and stable auction results.
- Despite the recent surge in new issuance, U.S. credit markets remained positive, with spreads narrowing across both the investment grade and high-yield segments of the market.
- In international markets, it was a busy week for central bank announcements, with Brazil's central bank and the Riksbank cutting policy rates due to improving inflation data. The Bank of England decided to leave rates unchanged on Thursday, but the vote was split 7-2 vs 8-1 at the last meeting. Governor Bailey's comments were also taken as dovish at the post-meeting press conference, leading to a drop in U.K. bond yields. The Royal Bank of Australia and Bank of Mexico also left policy rates unchanged.

International Equities

- Foreign stocks advanced this week as investors digested policy decisions announced by key central banks, corporate earnings news and new economic data from countries around the world.
- Developed markets increased this week as investors saw decent gains across European markets but weakness in Japan. Monetary policy was a big focus this week as Sweden's central bank cut interest rates for the first time in eight years while the Bank of England elected to hold policy rates at their current level.
- Emerging markets struggled to gain momentum this week, with mixed results from markets across Asia and Latin America. Gains within Asian technology stocks were a bright spot for the week. Brazil's central bank cut its policy rate by 0.25%, a minor reduction after six straight cuts of 0.50%.

Economics

- The Federal Reserve's report on consumer credit indicated that U.S. consumers increased their use of credit in March. Overall credit increased 1.5% at an annualized rate, down from 3.6% in February and 4.4% in January. Revolving credit usage showed much slower growth as it rose 0.1% in March, compared to 7.3% in January and 9.7% in February. Non-revolving credit increased to 2%.
- Initial claims for unemployment insurance were 231,000 for the week ending May 4, above the four-week moving average of 215,000 and the highest weekly claims since Aug. 26, 2023, when the claims were 234,000.
- The Producer Price Index will be released on Tuesday. On Wednesday, the Consumer Price Index and retail sales reports will be released. Housing starts and industrial production will be released on Thursday.

Weekly Market Update

For Week Ending May 10, 2024

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	39,512.84	2.2%	5.5%	20.3%
S&P 500 Index	5,222.68	1.9%	10.0%	28.2%
NASDAQ Composite	16,340.87	1.2%	9.1%	33.9%
S&P 400 Midcap Index	2,993.96	2.2%	8.2%	24.3%
S&P 600 Smallcap Index	1,324.38	1.8%	1.1%	19.4%
MSCI EAFE	8,273.39	1.8%	6.3%	12.7%
MSCI Emerging Markets	562.96	1.0%	5.5%	12.3%
Bloomberg US Agg	2,119.50	0.1%	-2.0%	-0.1%
Bloomberg Municipal 5 Yr	485.99	0.3%	-0.6%	1.9%
Bloomberg US Corporate	3,168.59	0.0%	-1.6%	3.0%
Bloomberg Glb Agg ex US Hdg	565.51	0.1%	0.1%	4.9%
Bloomberg High Yield	2,516.04	0.0%	1.5%	10.4%
MSCI US REIT Index	2,063.98	1.9%	-4.0%	4.2%
Bloomberg Commodity Index	240.58	1.5%	6.2%	5.6%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	5.50%	5.50%	5.50%	5.25%
3-Month Treasury	5.40%	5.39%	5.33%	5.20%
1-Year Treasury	5.17%	5.12%	4.76%	4.67%
2-Year Treasury	4.87%	4.82%	4.25%	3.91%
5-Year Treasury	4.51%	4.50%	3.85%	3.38%
7-Year Treasury	4.50%	4.50%	3.88%	3.41%
10-Year Treasury	4.50%	4.51%	3.88%	3.44%
30-Year Treasury	4.64%	4.66%	4.03%	3.80%

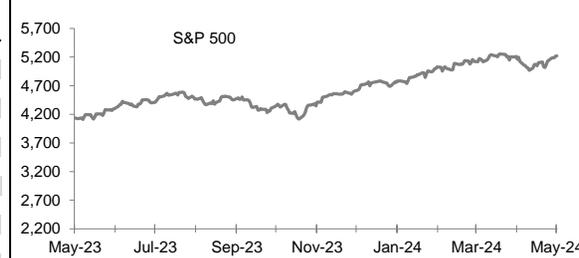
	Last Price/Yield	Prior Week	Year End	Year Ago
Consumer Rates				
30-Year Mortgage	7.38%	7.38%	6.99%	5.83%
Prime Rate	9.25%	9.25%	9.25%	9.00%
SOFR	5.31%	5.31%	5.38%	5.06%

	Last Price	Prior Week	Year End	Year Ago
Commodities				
Gold	2,360.50	2,301.74	2,062.98	2,030.09
Crude Oil (WTI)	78.26	78.11	71.65	69.05
Gasoline	3.63	3.66	3.12	3.54
Natural Gas	2.25	2.14	2.33	3.15
Copper	4.66	4.56	3.89	3.89

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.42	21.69	5.16	1.87
S&P 500	21.36	23.41	4.78	1.45
S&P 500 Value	16.60	17.45	2.82	2.36
S&P 500 Growth	27.78	32.58	10.82	0.70
NASDAQ	28.92	46.03	6.35	0.81
S&P Midcap 400	16.34	16.56	2.52	1.83
S&P Smallcap 600	15.14	15.43	1.77	2.74
MSCI EAFE	14.99	14.21	1.86	3.16
MSCI Emerging Markets	12.88	14.92	1.68	2.92

Source: Bloomberg

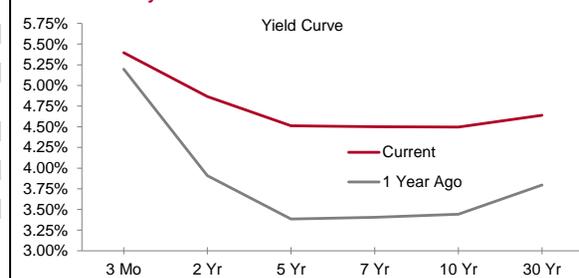
Equity Style



1 Month*			Year to Date*			
Value	Core	Growth	Value	Core	Growth	
Large	1.40	1.30	1.21	6.57	10.03	13.06
Mid	2.23	1.74	1.29	2.39	8.17	13.76
Small	3.13	3.20	3.28	-2.01	1.07	4.16

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*			
Short	Interm.	Long	Short	Interm.	Long	
Govt	0.59	0.71	0.41	0.37	-0.89	-7.01
Corp	0.68	0.81	0.31	1.06	-0.14	-4.54
HY	0.58	0.74	-0.90	2.33	1.48	-0.02

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.5%	5.0%
CPI Core Inflation	3.8%	5.6%
Personal Consumption Exp (PCE) Core	2.8%	4.8%

	Last Release	Year Ago
Jobs		
Unemployment Rate (U3)	3.9%	3.4%
Broader Unemployment Rate (U6)	7.4%	6.6%
JOLT Survey (in millions)	8.49	9.62
Jobless Claims (000's)	231	225
Change in Non-Farm Payroll (000's)	175	278
Average Hourly Earnings (Y/Y % Change)	3.9%	4.7%

	Last Release	Year Ago
Consumer & Spending		
Consumer Confidence (Conf Board)	97.0	103.7
Consumer Spending (\$ Bil)	19,351	18,283
Consumer Credit (\$ Bil)	5,059	4,943
Retail Sales (\$ Bil)	708	679

	Last Release	Year Ago
Housing		
Housing Starts (000's)	1,321	1,380
Case-Shiller Home Price Index	312.18	293.46

	Last Release	Year Ago
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	22,769	22,112
Quarter over Quarter Change	1.6%	2.2%
Year Over Year Change	3.0%	1.7%
ISM Manufacturing	49.20	47.00
Capacity Utilization	78.41	79.51
Markit US Composite PMI	51.30	53.40

	Last Release	Year Ago
U.S. General		
Leading Economic Indicators	102.4	108.4
Trade Weighted Dollar Index	122.5	119.3
EUR / USD	1.08	1.10
JPY / USD	155.78	134.34
CAD / USD	0.73	0.75
AUD / USD	0.66	0.68

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	0.50%	19.28%
Utilities	9.97%	13.51%
Energy	-4.04%	13.13%
Information Technology	1.08%	11.78%
Financials	2.36%	11.72%
Industrials	1.29%	10.71%
Consumer Staples	4.74%	9.63%
Materials	0.25%	7.70%
Health Care	1.37%	5.76%
Consumer Discretionary	-0.09%	2.92%
Real Estate	0.57%	-4.93%

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