

Weekly Market Update

Week of April 8-April 12

Returns	5 Day Return	QTD Total Return	YTD Total Return
S&P 500	-1.46%	-2.34%	7.81%
40/60 SPY/AGG	-1.04%	-2.05%	1.40%
15/85 SPY/AGG	-0.83%	-1.87%	-1.02%
FTSE Europe	-2.53%	-3.37%	1.48%
Emerging Markets	-1.75%	-1.34%	0.80%
US Aggregate Bonds	-0.74%	-1.73%	-2.45%
US Dollar Index	1.76%	1.66%	6.46%

Levels	Latest	1 Month Ago	1 Year Ago
2-Year Treasury Rate	4.97	4.72	4.19
10-Year Treasury Rate	4.61	4.30	3.59
30-Year Treasury Rate	4.70	4.43	3.80
Oil	84.94	81.04	80.83
Natural Gas	1.74	1.66	2.28

PREVIEW TEXT: Higher than expected consumer inflation lowers expectations of rate cuts

Weekly Summary

Markets entered this week with anticipation for the release two key inflation metrics calculated by the Bureau of Labor Statistics, the Consumer Price Index and the Producer Price Index. Higher than expected CPI reduced optimism for interest rate cuts this year, but this fear was moderated somewhat by a lower than expected PPI release the following day. Oil prices were volatile but ended the week down in price overall. Gold made some modest gains, but prices are now increasing at a far lower rate than in the first quarter.

Economic Data

The first half of last week was spent waiting for the release of the Consumer Price Index measure of inflation for March. On Wednesday headline CPI released at 3.5% year-over-year, slightly higher than the forecast of 3.4% and up from February's rate of 3.2%. Core CPI, which removes food and energy prices, was also slightly higher than expected at 3.8% versus the forecast of 3.7%. Unlike headline CPI however, core CPI did not increase from February's reported rate. The Producer Price Index, the measure of inflation related to businesses rather than individuals, released the following day at 2.1% versus a forecast of 2.2%. Core PPI was just above the 2.3% forecast at 2.4%. Finally, the Consumer Sentiment Index reported by the University of Michigan released at 77.9, under the forecast of 79 and down from the prior month's value of 79.4.

Equities

Equity markets struggled to perform last week following the CPI release and mild losses of the week before. The S&P 500 fell 1.00% on Wednesday after CPI was reported higher than expected, decreasing expectations for the number of rate cuts by the end of the year. However, a low PPI release reduced some fear and resulted in a 0.75% gain back the following day. PPI is often viewed as a leading indicator for where inflation is heading

in the medium term as low PPI means many businesses are able maintain current profit margins without large price increases that filter down to consumers. The bull run in the equity market appears to be slowing as companies report first quarter earnings and investors are forced to reflect on the extremely strong gains already made this year.

Fixed Income

Interest rates increased yet again last week as the high CPI report stoked fears that the Federal Reserve's battle against inflation may last longer than previously affected. Futures markets started the year predicting between six to seven quarter percentage point cuts by the final Fed meeting of this year. Markets are now predicting only one to two, even more pessimistic than the Fed's last projection of three. Some investors are even more conservative with a 15.8% prediction of no rate cuts at all until early 2025 or later. While the equity market started the year strong, fixed income markets have struggled to make gains following strong performance at the end of 2023. The Bloomberg Aggregate Bond Index fell 1.24% last week alone, contributing to the total loss of 3.43% year to date.

Commodities

Oil prices were surprisingly stable last week as geopolitical turmoil increases in the Middle East. Prices of Western Texas Intermediate spiked nearly \$2.00 a barrel on Friday before falling back to previous levels within a few hours. WTI crude actually fell to \$85.66 a barrel on Friday from a price of \$86.91 a week earlier and continued to fall as of this Monday. Although Iran chose to strike Israel over the weekend, this attack appeared to be less severe than the market feared with speculation that Israel's potential retaliation will also be mild. Gold followed a similar trend with prices spiking around noon Friday before quickly falling to previous levels. The safe haven investment still appreciated roughly 0.19% last week and is now up 8.74% over the past month.

Interesting Articles

- [CNBC: New data shows inflation is still high. Here's how to measure how that affects you](#)
- [Wall Street Journal: Capital-Gains Tax: What to Know and Rates for 2024](#)
- [Financial Times: Should governments tax the great boomer wealth transfer?](#)

All data and figures in this article were collected from YCharts, Inc. on 4/15/2024 by Zach Hill of Blue Ridge Wealth Planners unless otherwise cited.

*This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor. **Past performance does not guarantee future results.***

Investments in emerging markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries

Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

An index is an unmanaged portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. Investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Financial Times Stock Exchange 100 Index, also called the FTSE 100 Index, FTSE 100, FTSE, or, informally, the "Footsie" is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. It is seen as a gauge of prosperity for businesses regulated by UK company law.

The FTSE Developed Europe Index is an index of European stocks, part of the FTSE Global Equity Index Series. It is a subset of the FTSE Europe Index. The FTSE Eurobloc Index is a subset of it.

The MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Bloomberg Barclays US Aggregate Bond Index, or the Agg, is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.

The US Dollar Index (USDIX, DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies.

The Consumer Price Index (CPI) is a measure of inflation compiled by the US Bureau of Labor Studies.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content.

The Producer Price Index (PPI) is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller.

This report was prepared by Blue Ridge Wealth Planners, a federally registered investment adviser under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Blue Ridge Wealth Planners Form ADV Part 2A & 2B can be obtained by going to www.adviserinfo.sec.gov and searching the firms name. Neither the information nor any opinion expressed it so be construed as solicitation to buy or sell a security of personalized investment, tax, or legal advice.