Weekly Market Update

Week of April 15-April 19

Returns	5 Day Return	QTD Total Return	YTD Total Return
S&P 500	-3.07%	-5.34%	4.50%
40/60 SPY/AGG	-1.58%	-3.60%	-0.20%
15/85 SPY/AGG	-0.98%	-2.82%	-1.98%
FTSE Europe	-0.60%	-3.95%	0.87%
Emerging Markets	-2.02%	-3.34%	-1.24%
US Aggregate Bonds	-0.60%	-2.32%	-3.04%
US Dollar Index	0.21%	1.87%	6.68%

Levels	Latest	1 Month Ago	1 Year Ago
2-Year Treasury Rate	4.98	4.60	4.14
10-Year Treasury Rate	4.64	4.22	3.52
30-Year Treasury Rate	4.73	4.39	3.73
Oil	82.89	80.63	78.76
Natural Gas	1.77	1.66	2.41

PREVIEW TEXT: Equity markets correct during a week with filled with foreign inflation data

Weekly Summary

Several countries/regions reported inflation data this week, including the UK, Eurozone, and Japan. Equity markets continued to fall in a repeat of the prior week though yearly returns still remain significantly above average. Fixed income markets followed the same trend with medium and long term rates increasing. Oil prices fell and remain relatively low despite Israel's decision to conduct a retaliatory strike against Iran. The Core Personal Consumption Expenditure measure of inflation is set to release before market open this Friday and is likely to have a significant effect on equity and fixed income markets.

Economic Data

On Monday it was announced that US retail sales increased by 0.7% in the month of March, more than double the forecasted 0.3% but down from February's increase of 0.9%. China announced its GDP grew at an annualized rate of 5.3% in the first quarter of 2024, slightly higher than the prediction of 5.0%. Like most western economies the UK continues to struggle with inflation with an annualized rate of 3.2% releasing for March and an even higher core inflation rate of 4.2%. The Eurozone is also still struggling with inflation but to a much smaller degree, matching the projected March rate of 2.9%. Finally, Japan reported inflation data matching their projected rate of 2.7%. Core PCE, the preferred inflation gauge of the Federal Reserve, is set to release this Friday and is currently forecasted at 2.7%.

Equities

Equity markets continued to fall this week continuing the cautious trend that's been seen since the end of the first quarter. The S&P fell 3.07% in total from the closing price of the previous Friday. However, with such a strong start to the year it's important to look at things from a larger perspective. Despite recent losses the S&P

500 has gained roughly 4.67% since the start of the year after already strong performance capping off 2023. Short periods of corrections after extremely strong periods of gains are common and often considered a sign of a healthy market. Skepticism is necessary to keep expectations in line and avoid major crashes that result from investors caught off-guard after being overly optimistic. This week is expected to be volatile in equity markets with several major tech companies including Microsoft, Alphabet, Meta, and Tesla set to report first quarter earnings.

Fixed Income

US fixed income markets continue to move almost solely as a result of inflation expectations that will guide the Federal Reserve's policy decisions through the rest of the year. Futures markets still predict either one or two rate cuts by the Fed's final meeting of the year in December. Higher than expected CPI data released earlier this month squashed beliefs that the Fed's battle with inflation was nearly over and a near universal expectation that a "soft landing" could be easily achieved. Medium and long term interest rates increased about 0.1% last weekend, following a similar trend of the week before. Despite this, rates are far from the peaks achieved last year when ten year treasury yields increased to over 5.0%, a rate that would have been considered nearly unthinkable several years ago.

Commodities

Crude oil prices provided some relief last week and fell to roughly $83.00 a barrel after peaking at slightly over $87.00 earlier this month as tensions in the Middle East escalated. Commodity traders seemed only mildly concerned after Israel's retaliatory strike against Iran. Likely because other OPEC+ producers, like Saudi Arabia, have signaled a desire to avoid being drawn into the conflict. Gold continued its rally and increased 1.91% in price throughout the week, though all these gains were erased over the following weekend. Natural gas prices remain relatively low and stable and there are currently few signs of a potential disruption in the market.

Interesting Articles

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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 (USDX, 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.