



Baltimore, Maryland

WEEK OF APRIL 22, 2024

Market Update

Global equities were mostly down last week on the potential for higher U.S. rates and geopolitical tensions in the Middle East. Bond yields continued their rise as inflation remained a concern.

Quick Hits

1. **Report releases:** Retail sales growth exceeded economist estimates in March.
2. **Financial market data:** Big technology sold off.
3. **Looking ahead:** We expect data on durable goods, the first estimate of first-quarter GDP, and personal income and spending.



Report Releases: April 15–19, 2024

Retail Sales March (Monday)

Retail sales grew more than expected in March, marking two consecutive months with strong growth.

- Expected/prior month retail sales monthly change: +0.4%/+0.9%
- Actual retail sales monthly change: +0.7%



National Association of Home Builders Housing Market Index April (Monday)

Home builder sentiment remained unchanged, leaving the index in expansionary territory.

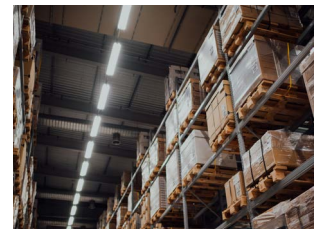
- Expected/prior month sentiment: 51/51
- Actual sentiment: 51



Industrial Production March (Thursday)

Industrial production growth was in line with economist estimates in March, marking two straight months with solid growth.

- Expected/prior month production change: +0.4%/+0.4%
- Actual production change: +0.4%



Existing Home Sales March (Friday)

Existing home sales fell more than expected due to high mortgage rates and prices for existing homes.

- Expected/prior month existing home sales change: -4.1%/+9.5%
- Actual existing home sales change: -4.3%



>> The Takeaway

- Retail sales surprised to the upside, but existing home sales missed to the downside.
- Home builder sentiment and industrial production came in as expected

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-3.04%	-5.40%	4.58%	22.16%
Nasdaq Composite	-5.52%	-6.68%	2.01%	27.73%
DJIA	0.05%	-4.49%	1.37%	14.84%
MSCI EAFE	-2.29%	-4.69%	0.83%	6.93%
MSCI Emerging Markets	-3.58%	-3.64%	-1.36%	4.16%
Russell 2000	-2.76%	-8.29%	-3.54%	10.52%

Source: Bloomberg, as of April 19, 2024

Global equities were mostly lower. Big technology sold off heavily as the market continued to digest that rate cuts won't start until later this year or potentially 2025. Geopolitical concerns in the Middle East added to the volatility. Technology was the worst performer, with Nvidia falling more than 13 percent. Utilities, consumer staples, and financials fared better. Netflix fell more than 10 percent after providing softer guidance.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-2.36%	-3.11%	-0.63%
U.S. Treasury	-2.11%	-3.04%	-1.90%
U.S. Mortgages	-2.76%	-3.78%	-1.37%
Municipal Bond	-1.02%	-1.40%	2.44%

Source: Bloomberg, as of April 19, 2024

Treasury yields continued their move higher. The belly of the curve, between 2- and 10-year yields, continued to see the largest shifts. The 5-year rose 12 basis points (bps) and the 10-year rose 11 bps, closing just shy of 4.66 percent and 4.62 percent, respectively.

>> The Takeaway

- Technology and growth stocks continued to reprice to a potential higher-for-longer rate environment.
- Yields continued their rise as inflation and debt level concerns led investors to demand higher yields.

Looking Ahead

This week's data will cover a variety of topics, including U.S. PMIs, durable goods, the first estimate of first-quarter GDP, and personal income and spending.

- The week kicks off Tuesday with the preliminary release of **S&P Global's US Purchasing Manager Indices** for April. The manufacturing segment is expected to drop slightly to 51.8 and the services segment is expected to expand to 52.1. Both are expected to be in expansionary territory.
- On Wednesday, we expect **preliminary durable goods orders** for March. Headline and core durable goods orders are set to improve.
- Thursday will bring the first estimate of first-quarter economic growth (GDP). Economists expect to see a solid 2.3 percent annualized growth rate for the economy.
- Finally, on Friday we expect **the personal income and spending report** for March. Both are expected to rise, which would be another signal that consumer spending remained resilient.





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

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