

Capital Markets Snapshot

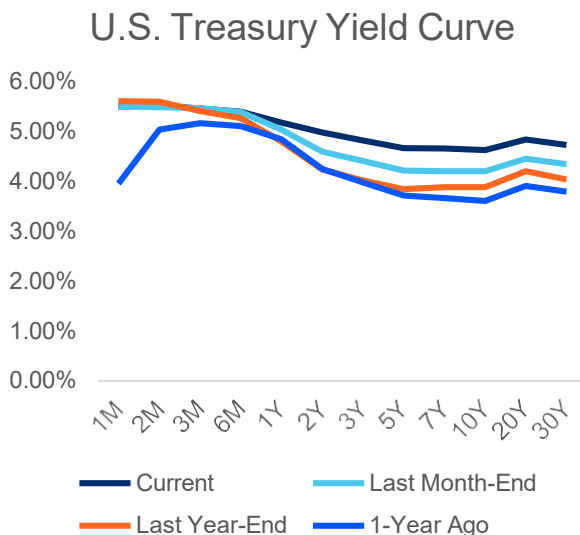
Courtesy of The Davis Financial Group

Week ending April 19, 2024

- The equity markets were down for the third week in a row on continued tensions in the Middle East and hawkish comments from Federal Reserve Chairman Jay Powell. On Tuesday, Powell noted current economic data has not proved a rate cut is needed and "it's likely to take longer than expected to achieve that confidence". By the end of the week, expectations for a July rate cut dropped to 35% according to CME Fedwatch Tool as many economists are now looking at a possible move at the September FOMC meeting.

Fixed Income Markets Overview

- Yields were up again this week with the 10-year US Treasury reaching its highest level since November 2023.
- There was disappointing news for the housing market this week as March data came in below expectations with housing permits at their lowest level in seventh months and a decline in existing home sales. In addition, the 30-year mortgage rose above 7% for the first time this year according to Freddie Mac.
- Other economic data this week included a positive March retail sales report which came in above expectations at 0.7%.



Source: Bloomberg and U.S Treasury as of April 19, 2024

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|--------------|----------------------------|-------|-------|----------|----------|
| Short | 1-3 Year Govt/Credit | -0.1% | 0.1% | 0.1% | 1.9% |
| | Core Plus | | | | |
| | Intermediate Govt/Credit | -0.3% | -1.5% | -1.7% | 1.8% |
| | International Aggregate | -0.6% | -4.3% | -5.9% | -1.5% |
| | US Aggregate | -0.6% | -3.1% | -3.5% | 0.9% |
| | US Treasury | -0.4% | -3.0% | -3.7% | 0.5% |
| | US TIPS | -0.3% | -1.6% | -1.3% | 2.8% |
| | US Corporate | -0.7% | -2.9% | -3.1% | 2.2% |
| | US Corporate High Yield | -0.6% | -0.2% | 1.4% | 4.9% |
| Other | Emerging Markets Aggregate | -0.5% | -0.2% | -2.5% | 1.7% |
| Muni | US Municipals | -0.3% | -1.4% | -1.1% | 2.5% |
| | US Municipals High Yield | 0.0% | 0.8% | -0.2% | 4.4% |

Source: Bloomberg as of April 19, 2024

Interest Rates (%)

| Date | 4/19/2024 | 3/28/2024 | 12/29/2023 | 4/19/2023 |
|-------------------------|-----------|-----------|------------|-----------|
| Federal Funds Rate | 5.49% | 5.49% | 5.60% | 3.95% |
| 3 Month Treasury | 5.45% | 5.46% | 5.40% | 5.16% |
| 6 Month Treasury | 5.39% | 5.38% | 5.26% | 5.10% |
| 2 Year Treasury | 4.97% | 4.59% | 4.23% | 4.24% |
| 5 Year Treasury | 4.66% | 4.21% | 3.84% | 3.71% |
| 10 Year Treasury | 4.62% | 4.20% | 3.88% | 3.60% |
| 30 Year Treasury | 4.72% | 4.34% | 4.03% | 3.79% |
| US Aggregate | 5.25% | 4.85% | 4.53% | 4.52% |
| US Corporate | 5.71% | 5.30% | 5.06% | 5.24% |
| US Corporate High Yield | 8.27% | 7.66% | 7.59% | 8.54% |
| US Municipal | 3.70% | 3.49% | 3.22% | 3.36% |
| US Municipal High Yield | 5.61% | 5.50% | 5.57% | 5.74% |

Spreads Over 10-Year US Treasuries

| Date | 4/19/2024 | 3/28/2024 | 12/29/2023 | 4/19/2023 |
|-------------------------|-----------|-----------|------------|-----------|
| 30 Year Treasury | 0.10% | 0.14% | 0.15% | 0.19% |
| US Aggregate | 0.63% | 0.65% | 0.65% | 0.92% |
| US Corporate | 1.09% | 1.10% | 1.18% | 1.64% |
| US Corporate High Yield | 3.65% | 3.46% | 3.71% | 4.94% |
| US Municipal | -0.92% | -0.71% | -0.66% | -0.24% |
| US Municipal High Yield | 0.99% | 1.30% | 1.69% | 2.14% |

Source: Bloomberg and U.S. Treasury as of April 19, 2024

Equity Markets Overview

- As mentioned, the equity markets were negative again led by the Nasdaq which had a decline of 5.5%, while the S&P 500 was down by 3.0%. The Dow Jones Industrial Average was flat for the week.
- The tech sector was hard hit this week with a decline of 7.3%. Positive sectors for the week included Consumer Staples and Utilities.
- Last week's earnings reports were mostly positive with American Express, United Airlines and Johnson and Johnson among those that exceeded expectations. Netflix was able to beat analyst estimates but provided lowered guidance for the rest of the year.
- Look for another large amount of earnings reports this week, including results from tech giants Alphabet, Meta Platforms and Microsoft. Other scheduled releases include Verizon, General Motors, Tesla and UPS among others.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|------------------|-------------------------|-------|-------|----------|----------|
| All-Cap | S&P 1500 | -2.9% | 4.2% | 7.5% | 15.0% |
| Large-Cap | S&P 500 | -3.0% | 4.6% | 8.0% | 15.6% |
| | S&P 500 Growth | -5.4% | 5.8% | 5.7% | 16.8% |
| | S&P 500 Value | -0.1% | 3.2% | 9.7% | 13.2% |
| Mid-Cap | S&P Midcap 400 | -2.2% | 2.4% | 3.7% | 10.4% |
| | S&P Midcap 400 Growth | -3.0% | 7.4% | 3.0% | 10.6% |
| | S&P Midcap 400 Value | -1.2% | -2.7% | 4.2% | 9.8% |
| Small-Cap | S&P Smallcap 600 | -1.3% | -4.4% | 0.3% | 7.4% |
| | S&P Smallcap 600 Growth | -2.0% | -2.0% | -0.1% | 8.0% |
| | S&P Smallcap 600 Value | -0.5% | -6.7% | 0.6% | 6.6% |
| Int'l. | MSCI ACWI ex-USA | -2.5% | 0.2% | -0.5% | 3.8% |
| | MSCI EM | -3.6% | -1.4% | -7.0% | -0.1% |

Source: Bloomberg as of April 19, 2024

Alternative Markets Overview

- Oil had a volatile week, climbing to more than \$85 per barrel on Thursday, but closed the week with a loss of 2.6% by Friday.
- Gold was up another 1.2% by Friday. For the year, the price has increased 16.2%
- Bitcoin was down again last week ahead of the cryptocurrency's halving event scheduled to occur on Friday.

| Name | 1W | YTD | 3Y (Ann.) | 5Y (Ann.) |
|------------------------|-------|-------|-----------|-----------|
| S&P GSCI | -1.2% | 12.2% | 16.9% | 6.6% |
| Gold | 0.6% | 6.5% | 7.6% | 10.6% |
| FTSE All Equity NAREIT | -3.1% | -9.5% | -2.4% | 6.5% |
| Bitcoin | -4.1% | 53.0% | 4.4% | 49.8% |
| Ethereum | -3.5% | 34.5% | 10.2% | 39.2% |

Source: Bloomberg as of April 19, 2024



Upcoming Week

- This week we will get a look at first quarter GDP for 2024. Current expectations are looking for an increase of 2.5%, down from the 3.4% gain reported in the final quarter of last year.
- The Federal Reserve's favored inflation metric, the PCE Price Index will be released on Friday.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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