

Capital Markets Snapshot

Courtesy of The Davis Financial Group

Week ending April 12, 2024

Tensions in the Middle East and a stronger than expected Consumer Price Index (CPI) report put pressure on the markets this week. The headline March CPI reading came in at 3.5% versus an expectation of 3.4%. This was an increase from last month's reading of 3.2%. Core CPI, which excludes food and energy, rose 3.8%, also above expectations. This bump up in inflationary pressures has the market lowering expectations of any Fed rate cuts in the near future.

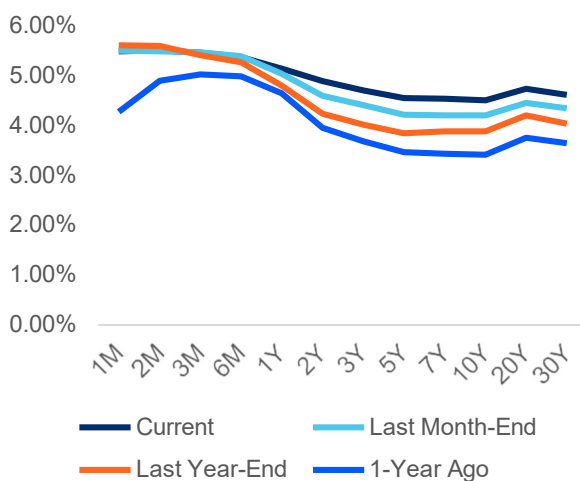
Fixed Income Markets Overview

- Bond yields were higher following the CPI report with the 10-year U.S. Treasury yield reaching its highest level in 5 months.
- As of Friday, the CME FedWatch Tool dropped expectations of a June rate cut to 26.9% from 50.8% the week before. Odds for a July rate cut dropped to 44.5% from 49.1%.
- Other economic releases this week included the University of Michigan Consumer Sentiment Survey which saw a slight decline to 77.9 from the March reading of 79.4.

	Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
Short	1-3 Year Govt/Credit	-0.2%	0.1%	0.1%	1.9%
	Intermediate Govt/Credit	-0.5%	-1.2%	-1.5%	1.8%
	International Aggregate	-1.0%	-3.7%	-5.5%	-1.5%
	US Aggregate	-0.7%	-2.5%	-3.3%	0.9%
Core Plus	US Treasury	-0.6%	-2.6%	-3.5%	0.5%
	US TIPS	-0.4%	-1.3%	-1.1%	2.7%
	US Corporate	-0.7%	-2.2%	-2.8%	2.1%
Other	US Corporate High Yield	-0.6%	0.4%	1.6%	5.0%
	Emerging Markets Aggregate	-0.8%	0.3%	-2.1%	1.7%
Muni	US Municipals	-0.1%	-1.1%	-0.9%	2.5%
	US Municipals High Yield	0.2%	0.8%	0.0%	4.4%

Source: Bloomberg as of April 12, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of April 12, 2024

Interest Rates (%)

Date	4/12/2024	3/28/2024	12/29/2023	4/12/2023
Federal Funds Rate	5.48%	5.49%	5.60%	4.27%
3 Month Treasury	5.45%	5.46%	5.40%	5.02%
6 Month Treasury	5.36%	5.38%	5.26%	4.98%
2 Year Treasury	4.88%	4.59%	4.23%	3.95%
5 Year Treasury	4.54%	4.21%	3.84%	3.46%
10 Year Treasury	4.50%	4.20%	3.88%	3.41%
30 Year Treasury	4.61%	4.34%	4.03%	3.64%
US Aggregate	5.14%	4.85%	4.53%	4.32%
US Corporate	5.59%	5.30%	5.06%	5.08%
US Corporate High Yield	8.06%	7.66%	7.59%	8.48%
US Municipal	3.64%	3.49%	3.22%	3.06%
US Municipal High Yield	5.59%	5.50%	5.57%	5.54%

Spreads Over 10-Year US Treasuries

Date	4/12/2024	3/28/2024	12/29/2023	4/12/2023
30 Year Treasury	0.11%	0.14%	0.15%	0.23%
US Aggregate	0.64%	0.65%	0.65%	0.91%
US Corporate	1.09%	1.10%	1.18%	1.67%
US Corporate High Yield	3.56%	3.46%	3.71%	5.07%
US Municipal	-0.86%	-0.71%	-0.66%	-0.35%
US Municipal High Yield	1.09%	1.30%	1.69%	2.13%

Source: Bloomberg and U.S. Treasury as of April 12, 2024

Equity Markets Overview

- Stocks were down again this week with the largest loss seen in the Dow Jones Industrial Average with a loss of 2.4%. The S&P 500 was down by 1.6% while the Nasdaq fell by 0.5%.
- All eleven of the S&P sectors were negative for the week, led by Financials which were down by 3.6%.
- Earnings season started this week with mixed results. Delta Airlines results were above expectations, and the company reaffirmed its guidance for the year. JPMorgan and Wells Fargo were all able to beat expectations but lowered their forecasts for their net interest income this year due to pressure from higher interest rates.
- Look for earnings reports this week from Goldman Sachs, Bank of America, Johnson and Johnson and United Airlines among others.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-1.6%	7.4%	8.5%	15.9%
Large-Cap	S&P 500	-1.5%	7.9%	9.0%	16.4%
	S&P 500 Growth	-0.5%	11.9%	7.5%	18.3%
	S&P 500 Value	-2.7%	3.3%	9.9%	13.4%
Mid-Cap	S&P Midcap 400	-3.0%	4.7%	4.5%	11.1%
	S&P Midcap 400 Growth	-3.0%	10.7%	4.0%	11.4%
	S&P Midcap 400 Value	-3.0%	-1.5%	4.6%	10.3%
Small-Cap	S&P Smallcap 600	-2.9%	-3.2%	0.2%	7.9%
	S&P Smallcap 600 Growth	-2.8%	0.0%	-0.1%	8.7%
	S&P Smallcap 600 Value	-3.0%	-6.3%	0.3%	6.8%
Int'l.	MSCI ACWI ex-USA	-1.0%	2.8%	0.7%	4.4%
	MSCI EM	-0.3%	2.3%	-5.3%	0.6%

Source: Bloomberg as of April 12, 2024

Alternative Markets Overview

- Gold was up again this week reaching a new high of \$2,429 per troy ounce, but pulled back by Friday to close the week higher by 0.6%.
- Despite issues in the Middle East, the price of oil fell slightly this week, down by 0.8%.
- The cryptocurrency market saw some steep declines on Friday but managed to recover slightly.
- Next week marks the halving event for Bitcoin, which will reduce the amount of Bitcoin received by crypto-miners as rewards for new blockchain transactions.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.5%	13.7%	18.7%	7.1%
Gold	0.6%	6.5%	8.2%	10.5%
FTSE All Equity NAREIT	-2.4%	-6.6%	-0.5%	7.0%
Bitcoin	-0.8%	59.5%	2.0%	53.3%
Ethereum	-3.4%	39.4%	11.8%	45.4%

Source: Bloomberg as of April 12, 2024



Upcoming Week

- Economic releases this week include March Retail sales, industrial production and capacity, and the Conference Board's Leading Economic Index.
- Housing market data this week includes the U.S. Census Bureau's report on housing starts and existing home sales from the National Association of Realtors.

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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