



Equities

U.S. stocks gained in a volatile week as Magnificent 7 earnings took center stage. As expected, the common thread was surging AI-related spending, which investors were willing to tolerate only if the firms could display profitability improvements today. Google and Microsoft gained as their Cloud businesses flourished, while Meta was punished for a lack of concrete outcomes. Visa's earnings confirmed the consumer remains healthy. Overall, with roughly half of S&P 500 market cap having reported, Q1 EPS is running slightly ahead of the 4% growth expectation. Beyond tech's glitter, it has been factors related to Value and return of capital that have shined over the past month.

Fixed income

Yields continued to grind higher across the curve as the 10-year tested the waters above 4.70% briefly in the wake of the GDP data that included a hotter-than-expected inflation reading. The 10-year ends the week at 4.66%, up 4 bps, the fifth week in a row to see yields climb. Against this backdrop, the erosion of the Bloomberg Agg continues, down -0.08% last week and off -3.19% year-to-date. High yield was up 0.60%, buoyed by equity markets.

Commodities

Oil prices rose slightly amid mixed economic data and a weaker dollar. The most significant move in commodities over the past few weeks has been not in energy, but in metals. Copper prices have surged near \$10,000, a 17% increase over the past two months. Similar moves can be seen in nickel, aluminum, and zinc as industrial metals have been boosted by improving global growth and supply shortages. Gold declined, finally relenting to real rates.

Economic overview

The economy grew 1.6% q/q in Q1. While the headline was lower than the expected 2.5%, the underlying data show broad-based and robust growth. Consumption rose 2.5%, a more sustainable pace than the 3+% growth of the prior two quarters. Business spending rose 2.9%, and residential investment – home building – added 5-tenths to GDP. Government spending slowed but was still positive, while net exports shaved almost a full percentage off growth as sluggish export growth caused the trade balance to widen by \$55 billion. The core PCE deflator was hotter than expected at 3.7%, in line with other recent inflation data.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,099.96	-2.94%	-2.94%	6.92%	24.23%
DJIA	38,239.66	-3.94%	-3.94%	1.46%	13.70%
NASDAQ	15,927.90	-2.76%	-2.76%	6.11%	43.42%
Russell 2000	2,002.00	-5.77%	-5.77%	-1.24%	15.09%
MSCI World	3,335.08	-2.99%	-2.99%	5.23%	21.77%
MSCI Europe	2,073.30	-1.89%	-1.89%	2.62%	16.68%
MSCI EAFE	2,275.32	-3.15%	-3.15%	1.75%	15.03%
MSCI Asia	172.30	-2.59%	-2.59%	1.72%	8.76%
MSCI EM	1,041.52	-0.16%	-0.16%	1.74%	7.04%
VIX	15.03	2.02	2.02	2.58	-9.22

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,093.09	-2.43%	-2.43%	-3.19%	5.53%
Inv. grade bonds	3,127.12	-2.53%	-2.53%	-2.92%	8.52%
High yield bonds	2,490.06	-1.05%	-1.05%	0.41%	13.45%
Leveraged Loans	3,837.46	0.51%	0.51%	2.93%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	21,888.63	-7.30%	-7.30%	-8.51%	11.36%
REIT Index					
GS Commodity Index	595.94	2.31%	2.31%	11.26%	-12.20%
Alerian MLP Index	2,150.46	0.10%	0.10%	14.00%	26.56%

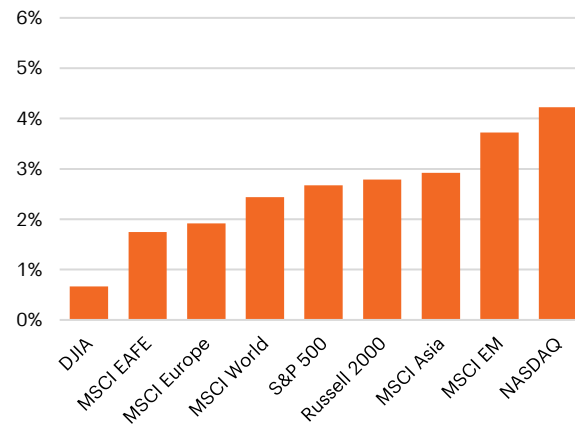
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$83.85	0.82%	0.82%	17.03%	-10.73%
Brent Crude	\$89.50	2.31%	2.31%	16.17%	-10.32%
Natural Gas	\$1.61	-8.45%	-8.45%	-35.80%	-43.82%
Gold	\$2,335	5.29%	5.29%	12.69%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	105.94	1.39%	1.39%	4.54%	-2.11%
USDCNY	7.25	0.33%	0.33%	2.06%	2.92%
Bitcoin	63,939	-8.20%	-8.20%	50.42%	157.01%

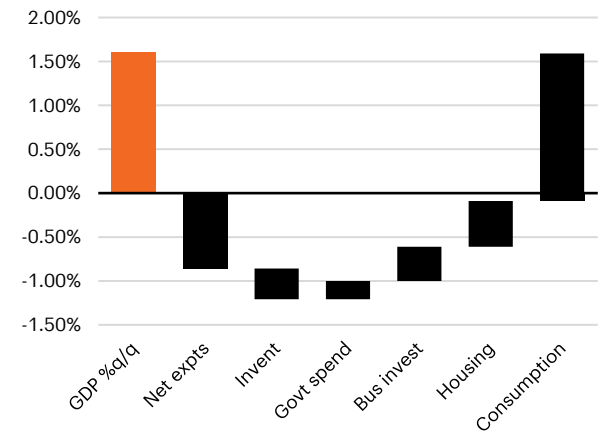
Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	87 bps	-3 bps	-3 bps	-12 bps	-31 bps
High yield bonds	304 bps	5 bps	5 bps	-19 bps	-146 bps
Leveraged loans	437 bps	-2 bps	-2 bps	-22 bps	-101 bps
Emerging markets	259 bps	-5 bps	-5 bps	-38 bps	-42 bps

Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	5.375%	5.375%	5.375%	5.375%	4.38%
SOFR	5.31%	-3 bps	-3 bps	-7 bps	108 bps
3-month LIBOR*	5.59%	3 bps	3 bps	-1 bps	83 bps
2-year Treasury	4.99%	37 bps	37 bps	74 bps	-18 bps
10-year Treasury	4.66%	46 bps	46 bps	78 bps	0 bps
30-year Treasury	4.78%	43 bps	43 bps	75 bps	7 bps
Barclays U.S. Agg	5.28%	43 bps	43 bps	74 bps	-15 bps
Inv. grade bonds	5.71%	41 bps	41 bps	65 bps	-36 bps
High yield bonds	8.13%	47 bps	47 bps	54 bps	-137 bps

Last week's equity returns



Q1 2024 GDP Attribution



Source: Bloomberg Finance, L.P., as of 1:00pm on 4/19/24.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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