



Weekly Recap

U.S. equities had a sluggish start to the week following a loss in momentum in major U.S. indices last week. This week's focus was mainly on inflation measures with February Consumer Price Index (CPI) coming in slightly hotter than expected. Headline CPI was up 3.2% year-over-year, higher than the consensus of 3.1%, while Core CPI (ex. food and energy) increased 0.4% month-over-month vs the consensus of 0.3%. U.S. Producer Price Index (PPI) also increased 0.6% from January to February which was higher than the consensus of 0.3%. The gauge increased 1.6% year over year, the highest annual increase since September. Core PPI (ex. food and energy) advanced 0.3% from the prior month and 2% from the prior year. The February inflation prints follow a higher January print which many firms attributed to start-of-the-year price increases. Inflation is proving to be stickier than what some analysts anticipated and continues to support the "higher rates for longer" narrative. Retail sales were weaker than expected on both headline and ex-auto measures, adding concerns to the durability of consumer spending. Although the CME FedWatch Tool, which estimates the probability of federal fund rates changes, is reflecting a 56.7% probability of a rate cut in June, the inflation numbers this week may prove those estimates to be optimistic as analysts have continued to revise their expectations on the number of rate cuts for 2024. U.S. major equity indices ended the week slightly lower with the S&P 500 down 0.13%, the Dow -0.02%, and the Nasdaq -0.70%. Energy was the best performing sector while real estate was the worst performer.

Key Thought for The Week

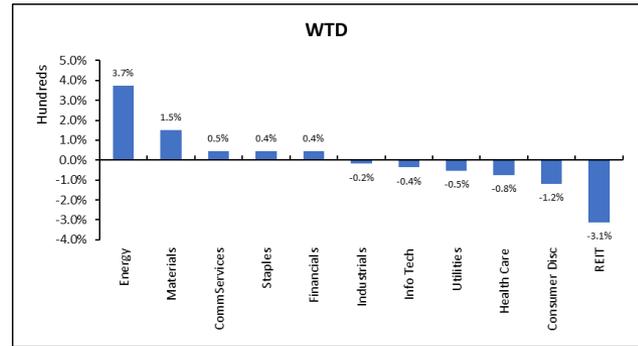
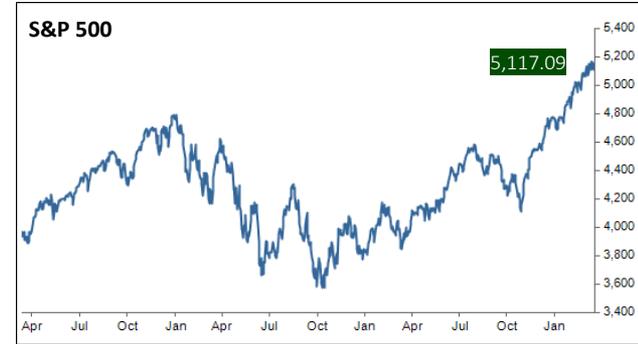
A key driver of recent economic growth in the United States has been a strong U.S. consumer. The overall financial health of the consumer is important to monitor because nearly 70% of GDP is comprised of personal consumption expenditures. Last week, the Federal Reserve released a report which provided comprehensive data on financial assets and liabilities of U.S. households through Q4 2023. The report showed that net worth (assets less liabilities) for households and nonprofit organizations hit a record high in 2023, rising 8% to \$156.2 trillion. The increase was driven by a \$12.1 trillion uptick in assets which translates to a year-over-year gain of 7.4%. Corporate equities experienced the largest increase after seeing a \$7.85 trillion gain in market value over the period. Additionally, household real estate saw a substantial increase of \$2.2 trillion. On the other hand, liabilities experienced a relatively modest rise of \$559.7 billion, or 2.8%, with residential mortgages contributing \$356 billion to the increase. The report also provided data on household leverage which is calculated as household liabilities as a percentage of household assets. That number came in at 11.6% in 2023, down from 12.1% in the prior year. For additional context, this data point peaked in 2008 at 19.1%. Household leverage is now at levels close to the lowest seen since the 1970s. There are many other data points that are pertinent to gaining a full understanding of the financial well-being of consumers; however, it appears that U.S. consumer balance sheets continue to be strong.

3/15/2024		Wk Net Change	Wk % Change	Div Yield	YTD Change	12 Mos % Change
STOCKS	Close					
DJIA	38,714.77	-7.92	-0.02	1.86	2.72	21.46
S&P 500	5,117.09	-6.60	-0.13	1.40	7.28	31.48
NASDAQ	15,973.17	-111.94	-0.70	0.74	6.41	39.70
S&P MidCap 400	2,923.76	-28.63	-0.97	1.57	5.11	21.97
EAFE	2,334.23	-23.51	-1.00	2.95	4.39	18.47
Emerging Market	1,048.68	11.59	1.12	2.67	2.44	10.75

TREASURIES	Yield	FOREX	Price	Wk % Change
1-Year	5.07	USD/EUR	1.09	-0.48
2-Year	4.73	JPY/USD	149.07	-1.35
5-Year	4.33	USD/GBP	1.27	-0.95
10-Year	4.31	CAD/USD	1.35	-0.43
30-Year	4.43			

Source: FactSet/Bloomberg

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	799.72	3.58	0.4%	1.3%	4.9%	4.9%
Health Care	1,690.34	-12.92	(0.8%)	0.2%	6.3%	6.3%
CommServices	273.37	1.25	0.5%	0.3%	11.1%	11.1%
Eco Sensitive						
Consumer Disc	1,435.10	-17.29	(1.2%)	(3.4%)	1.2%	1.2%
Energy	693.48	24.98	3.7%	6.2%	8.3%	8.3%
Industrials	1,030.54	-1.91	(0.2%)	0.8%	6.8%	6.8%
Info Tech	3,760.29	-13.94	(0.4%)	0.3%	10.7%	10.7%
Materials	570.26	8.47	1.5%	3.5%	5.7%	5.7%
Interest Rate Sensitive						
Financials	676.95	2.98	0.4%	1.0%	8.1%	8.1%
Utilities	319.70	-1.71	(0.5%)	1.9%	(0.7%)	(0.7%)
REIT	243.82	-7.86	(3.1%)	(0.6%)	(3.1%)	(3.1%)



COMING UP NEXT WEEK		Consensus	Prior
03/19 Housing Starts SAAR	(Feb)	1,470K	1,331K
03/20 Fed Funds Target Upper Bound	-	5.50%	5.50%
03/21 Initial Claims SA	(3/16)	209.0K	209.0K
03/21 Philadelphia Fed Index SA	(Mar)	1.0	5.2
03/21 Markit PMI Manufacturing SA (Preliminary)	(Mar)	52.0	52.2
03/21 Markit PMI Services SA (Preliminary)	(Mar)	51.8	52.3
03/21 Existing Home Sales SAAR	(Feb)	3,925K	4,000K
03/21 Leading Indicators SA M/M	(Feb)	-0.50%	-0.40%

Russell Style Return

WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	(0.10%)	(0.18%)	(0.24%)	5.29%	7.28%	8.97%	
Medium	(0.72%)	(0.83%)	(1.08%)	3.74%	4.68%	6.46%	
Small	(1.95%)	(2.02%)	(2.09%)	(2.25%)	0.89%	4.17%	