

4/22/2024

## The Week Ahead



## THINGS TO WATCH

–EARNINGS SEASON PICKS UP STEAM: Nearly one-third of the companies in the S&P 500 are scheduled to report quarterly results this week. Verizon Communications (VZ) and Cadence Design Systems (CDNS) kick things off today, followed by PepsiCo (PEP) United Parcel Services (UPS), Lockheed Martin (LMT), Tesla (TSLA) and Visa (V) on Tuesday. CME Group (CME), General Dynamics (GD), and Meta Platforms (META) are a few notable names on the schedule for Wednesday. Caterpillar (CAT), Merck (MRK), Honeywell (HON), and Alphabet (GOOGL) are among the headliners Thursday. Chevron (CVX), and AbbVie (ABBV) close out the week Friday.

–DEFENSIVE SECTOR LEADERSHIP? Last week, the S&P 500 utilities (+1.7%) and consumer staples (+1.3%) sectors were the benchmark's top performing major groups. The relative strength of this defensive duo materialized despite U.S. Treasury yields moving higher for a third straight week. Historically, these groups tend to struggle when yields back up as their above-average dividend payouts become less attractive compared to fixed income.

–GDP and PCE: On Thursday morning, Bureau of Economic Analysis data is expected to show the U.S. economy grew at a 2.3% annualized rate in 1Q24. This would mark a deceleration from a 3.4% rate of growth in 4Q23, but be far from the sharp slowdown some economists and commentators expect at some point in 2024. On Friday morning, the personal consumption expenditures (PCE) index for March will be released. Year-over-year core PCE (which excludes food and energy and is the Fed's preferred inflation measure) is projected to be 2.7%, down slightly from 2.8% in February.

–BANK OF JAPAN: Late Thursday night, the Bank of Japan will likely hold its policy rate steady at 0.10%, one month after implementing its first rate hike since 2007. Market participants will be listening for any indication of a timeline for additional hikes or plans for a reduction in asset purchases.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	0.7%	0.1%	▲
Retail Sales Control Group (M/M)	1.1%	0.3%	▲
Housing Starts (Millions Annualized)	1.32	1.57	▼
Building Permits (Millions Annualized)	1.46	1.49	▼
Existing Home Sales (Millions Annualized)	4.19	3.88	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	37986.40	0.05%	1.37%	14.47%
NASDAQ	15282.01	-5.52%	2.01%	26.76%
S&P 500	4967.23	-3.04%	4.58%	21.43%
MSCI EAFE	2237.99	-2.19%	1.02%	7.17%
BB U.S. Aggregate	2092.13	-0.74%	-3.04%	-0.27%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.39%	5.37%	5.09%
10-Year Treasury	4.62%	4.29%	3.59%

REPORTS DUE THIS WEEK	LATEST
S&P Global U.S. Manufacturing PMI	51.9
S&P Global U.S. Services PMI	51.7
New Home Sales (Thousands Annualized)	662
GDP (Q/Q Annualized)	3.4%
Core PCE Price Index (Y/Y)	2.8%

Total returns are as of 4/19/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

4,935

The S&P 500's 100-day moving average, a key technical level which could provide potential support in coming days after a three-week sell off which saw the index fall 5.5% from its all-time closing high of 5,254 on March 28 to last Friday's close of 4,967. Despite the recent correction, the S&P 500 is still 21% higher than it was one year ago and 16% above its level from six months ago.

57%

The percentage of bond holdings in the Bloomberg Intermediate Government/Credit Index with coupons above 4% as of last Friday. This compares to just approximately 15% three years ago during the final stretch of the Federal Reserve's ultra-low interest rate regime in place for most of the 13-year period from 2009 to 2021. Although bond returns have been disappointing in recent years, the upward reset in interest rates and coupons have likely created a more favorable forward-looking return setup.

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