Global Market Commentary – A Great March

Global Markets Up in March

Stock markets in the U.S. and around the world had a very solid March as U.S. equities continued to build on February's terrific performance.

While there were a lot of new records set this month and this year, one that stands out is that the S&P 500 has hit 22 new records so far this year and U.S. equity values have seen a surge of $4 trillion in value in just 3 months.

For the month of March:

- The DJIA advanced +2.1%;
- The S&P 500 grew +3.1%;
- NASDAQ added +1.8%; and
- The Russell 2000 gained +3.4%.

In keeping with U.S. markets, performance in developed markets outside the U.S. in March was great too – as all 38 developed markets tracked by MSCI were positive. Performance in the emerging markets tracked by MSCI was a little worse as 34 of those 46 indices advanced.

The themes that drove market performance in March can be best described as being somewhat Fed-friendly, although there were a few worrisome inflation data sets that Wall Street (and Main Street) were contending with too. But consumer sentiment, housing, labor market and retail spending all pointed toward continued vigor in the current market environment.

Volatility, as measured by the VIX, declined about 3% this month, which was about what happened the previous month too.

West Texas Intermediate crude trended consistently up all month – as it did the previous month – advancing another 6% to end the month at $83.11/barrel. And so far in 2024, the price of oil has jumped an uncomfortable 18%, giving reasons to worry that inflation might not abate soon.

Market Performance Around the World

Investors looking outside the U.S. saw great performance, as all 38 of the developed markets tracked by MSCI advanced this month – with a whopping 33 of those advancing by more than 3%. Performance for emerging markets was arguably slightly worse, with 34 of the 46 indices advancing for the month.

Index Returns	March 2024
MSCI EAFE	+2.66%
MSCI EURO	+3.97%
MSCI FAR EAST	+1.24%
MSCI G7 INDEX	+3.08%
MSCI NORTH AMERICA	+3.10%
MSCI PACIFIC	+1.44%
MSCI PACIFIC EX-JAPAN	+0.67%
MSCI WORLD	+2.98%
MSCI WORLD ex USA	+2.79%

Source: MSCI. Past performance cannot guarantee future results

Sector Performance Was All Good

For the month of March, sector performance was once again very good, as all 11 of the S&P 500 sectors advanced. This was precisely what happened in February – as all 11 advanced that month as well.

Contrast that with the performance for the month of January, which was mixed as 7 of the 11 S&P 500 sectors advanced for that month. Despite solid performance in March and February, March was maybe better as 7 of the 11 improved month-over-month.

In addition, for March, the range in sector-returns broadened considerably relative to previous months, with Energy up over 10% and Health Care up less than 1%. That is still a fairly significant range in just a single month.

Here are the sector returns for the month of March and February (two very short time-periods):

S&P 500 Sector	February 2024	March 2024
Information Technology	+2.97%	+2.56%
Energy	+1.01%	+10.68%
Health Care	+4.72%	+0.97%
Real Estate	+0.63%	+3.28%
Consumer Staples	+2.82%	+2.97%
Consumer Discretionary	+6.85%	+1.24%
Industrials	+6.11%	+4.98%
Financials	+4.25%	+5.03%
Materials	+5.10%	+7.30%
Communication Services	+0.47%	+4.61%
Utilities	+0.80%	+6.67%

Source: FMR

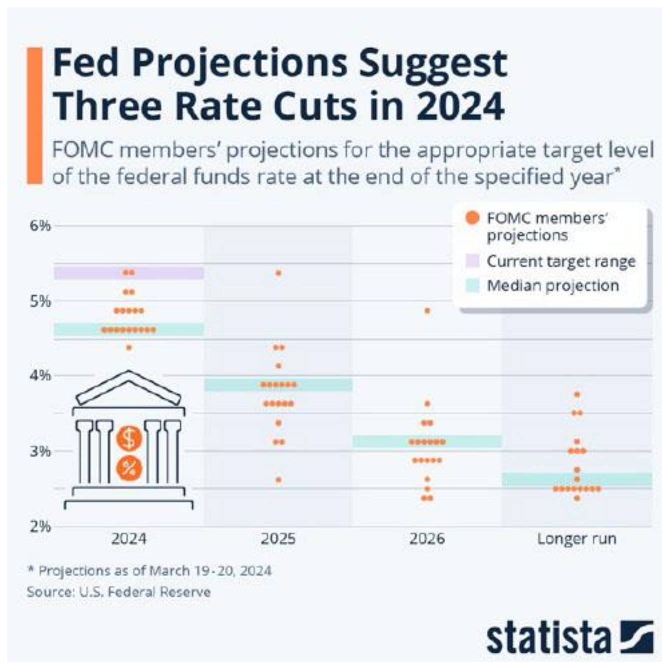
Fed Keeps Rates the Same

At the center of the Wall Street's collective attention was the Fed, where our central bank decided to leave rates unchanged – much to no one's surprise. What was surprising – or maybe just encouraging – was when Fed Chair Jerome Powell assured Wall Street and Main Street that rate cuts were indeed coming, despite reports of hotter-than-expected inflation readings, most notably last month's CPI and PPI numbers.

From the Fed's statement: "Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated.

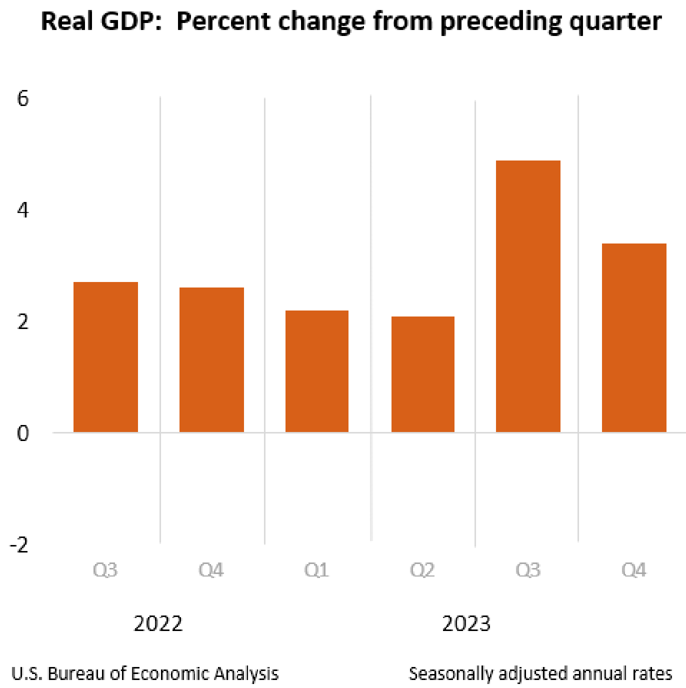
The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans."

Wall Street is expecting three rate cuts this year, with the first happening in June. But late in the month, Fed Governor Waller said "there is no rush to cut the policy rate right now" dampening expectations a little bit. Time will tell.



GDP Up 3.4% Last Quarter

Real gross domestic product increased at an annual rate of 3.4% in the fourth quarter of 2023 according to the "third" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.9%. In the second estimate, the increase in real GDP was 3.2%.



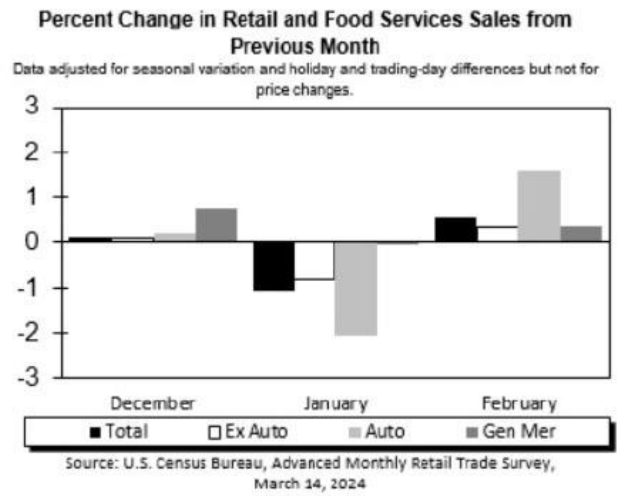
The increase in real GDP primarily reflected increases in consumer spending, state and local government spending, exports, nonresidential fixed investment, federal government spending, and residential fixed investment that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

Compared to the third quarter of 2023, the deceleration in real GDP in the fourth quarter primarily reflected a downturn in private inventory investment and slowdowns in federal government spending and residential fixed investment. Imports decelerated.

Retail Sales Up

Mid-month, it was reported that U.S. retail and food services sales for February 2024 were $700.7 billion, up 0.6% from the previous month, and up 1.5% above February 2023. Total sales for the December 2023 through February 2024 period were up 2.1% from the same period a year ago.

Retail trade sales were up 0.6% from January 2024, and up 0.8% above last year. Nonstore retailers were up 6.4% from last year, while food services and drinking places were up 6.3% from February 2023.



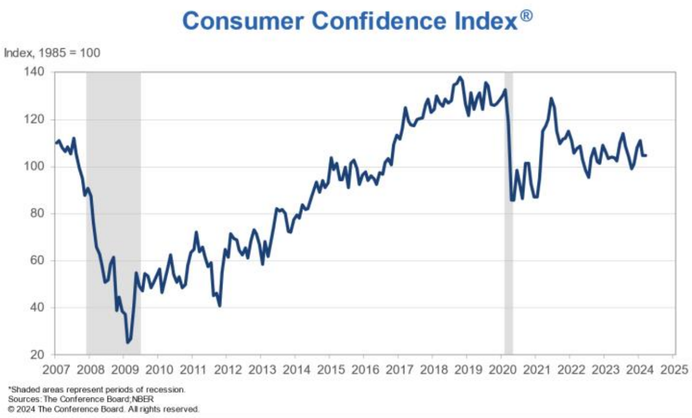
Consumers Worried About Future

The Conference Board ***Consumer Confidence Index*** was 104.7 (1985=100) in March, essentially unchanged from a downwardly revised 104.8 in February.

- The ***Present Situation Index*** – based on consumers' assessment of current business and labor market conditions – increased to 151.0 (1985=100) in March from 147.6 in February.

- The ***Expectations Index*** – based on consumers' short-term outlook for income, business, and labor market conditions – fell to 73.8 (1985=100), down from 76.3 last month. An Expectations Index reading below 80 often signals a forthcoming recession.

"Consumers' assessment of the present situation improved in March, but they also became more pessimistic about the future. Confidence rose among consumers aged 55 and over but deteriorated for those under 55. Separately, consumers in the $50,000-$99,999 income group reported lower confidence in March, while confidence improved slightly in all other income groups. However, over the last six months, confidence has been moving sideways with no real trend to the upside or downside either by income or age group."



"Consumers remained concerned with elevated price levels, which predominated write-in responses. March's write-in responses showed an uptick in concerns about food and gas prices, but in general complaints about gas prices have been trending downward. Indeed, average 12-month inflation expectations came in at 5.3 percent – barely changed from February's four-year low of 5.2 percent. Recession fears continued to trend downward both in write-in responses and as measured by consumers' *Perceived Likelihood of a US Recession over the Next 12 Months*."

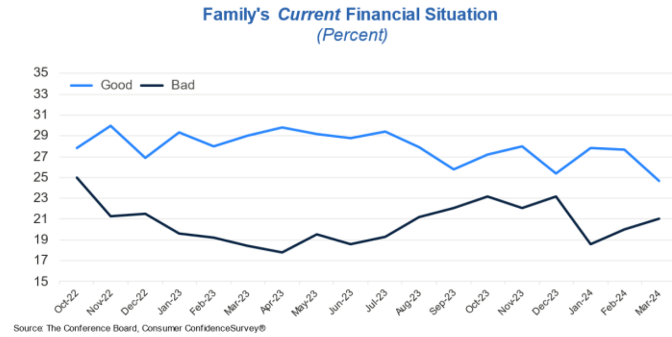
Present Situation

Consumers' assessment of current business conditions fell slightly in March.

- 19.5% of consumers said business conditions were "good," down from 20.4% in February.
- 17.2% said business conditions were "bad," down from 17.7%.

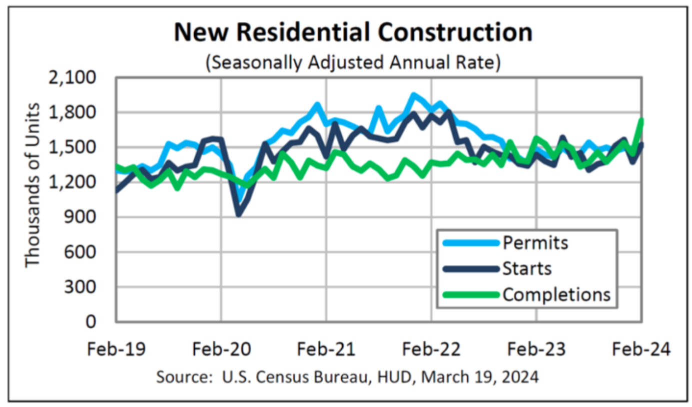
Consumers' appraisal of the labor market was more positive in March.

- 43.1% of consumers said jobs were "plentiful," up from 42.8% in February.
- 10.9% of consumers said jobs were "hard to get," down from 12.7%.



Housing Starts Jump 10.7% in February

On Tuesday, the U.S. Census Bureau and the U.S. Department of Housing and Urban Development jointly announced the following new residential construction statistics for February 2024:



Building Permits Up

Privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,518,000. This is 1.9 percent above the revised January rate of 1,489,000 and is 2.4 percent above the February 2023 rate of 1,482,000. Single-family authorizations in February were at a rate of 1,031,000; this is 1.0 percent above the revised January figure of 1,021,000.

Housing Starts Up

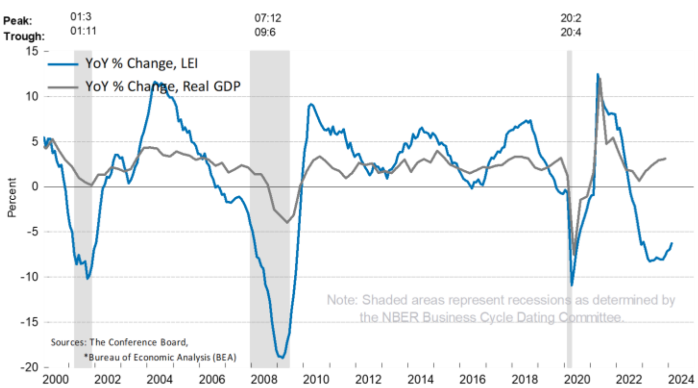
Privately-owned housing starts in February were at a seasonally adjusted annual rate of 1,521,000. This is 10.7 percent above the revised January estimate of 1,374,000 and is 5.9 percent above the February 2023 rate of 1,436,000. Single-family housing starts in February were at a rate of 1,129,000; this is 11.6 percent above the revised January figure of 1,012,000.

Leading Economic Indicators Inch Up

The Conference Board Leading Economic Index for the U.S. increased by 0.1 percent in February 2024 to 102.8 (2016=100), following a 0.4 percent decline in January. Over the six-month period between August 2023 and February 2024, the LEI contracted by 2.6 percent – a smaller decrease than the 3.8 percent decline over the previous six months.

"The U.S. LEI rose in February 2024 for the first time since February 2022. Strength in weekly hours worked in manufacturing, stock prices, the Leading Credit Index, and residential construction drove the LEI's first monthly increase in two years. However, consumers' expectations and the ISM Index of New Orders have yet to recover, and the six- and twelve-month growth rates of the LEI remain negative. Despite February's increase, the Index still suggests some headwinds to growth going forward. The Conference Board expects annualized US GDP growth to slow over the Q2 to Q3 2024 period, as rising consumer debt and elevated interest rates weigh on consumer spending."

The LEI's year-over-year trend remains negative



***Sources**: conference-board.org; bea.gov; census.gov; msci.com; fidelity.com; nasdaq.com; wsj.com; morningstar.com*