WEEKLY MARKET UPDATE | FEBRUARY 23, 2024

The chips are up for stocks.

The economy

- Major U.S. stock market indexes moved higher during the week ending February 23. Investors' ebullient reaction to a mega-cap chipmaker's surprisingly robust quarterly results spurred a rally across most market sectors late in the week. This offset worries from earlier in the week that the Federal Reserve (Fed) is maintaining a cautious stance on interest-rate cuts in response to surprisingly strong economic data and last week's hotter-than-expected inflation numbers. The tech-heavy Nasdaq Composite Index led the upturn, while the Dow Jones Industrial Average and the broad-market S&P 500 Index reached new historical highs.
- Minutes from the Fed's January 30-31 meeting, released on Wednesday, revealed that most Federal Open Market Committee (FOMC) members expressed concerns about reducing rates too soon at the risk of reigniting inflation. "Most participants noted the risks of moving too quickly to ease the stance of policy and emphasized the importance of carefully assessing incoming data in judging whether inflation is moving down sustainably to 2 percent." On a more dovish note, a couple of meeting participants "pointed to downside risks to the economy associated with maintaining an overly restrictive stance for too long…In discussing risk-management considerations that could bear on the policy outlook, [meeting] participants remarked that while the risks to achieving the Committee's employment and inflation goals were moving into better balance, they remained highly attentive to inflation risks."
- The U.S. job market remains resilient. The Department of Labor reported that, during the week ending February 17, initial unemployment insurance claims, a barometer of the health of the labor market, fell by 12,000 to 201,000. The total represented a notable decline from the 217,000 claims filed during the same week in 2023. The four-week moving average of initial claims decreased 3,500 week-over-week to 215,250, but increased 2,250 from the four-week average of 213,000 a year earlier.
- The National Association of Realtors (NAR) reported that sales of existing homes rose 3.1% in January to an annualized rate of 4.0 million, but dipped 1.7% year-over-year. (Home sales are viewed as an indicator of housing market trends, and by extension, the health of the broader economy.) The median existing-home sale price climbed 5.1% over the previous 12-month period to $379,100—the seventh consecutive month of year-over-year gains—but remained well below the all-time high of $413,800 recorded in June 2022. (Higher shelter costs put upward pressure on inflation.) The NAR attributed the price strength in January to a modest upturn in listed properties, as well as lower mortgage rates compared to the same period in 2023. The inventory of unsold existing homes as of the end of January stood at 1.01 million, up 2.0% from the end of December. The total is equivalent to a three-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a "balanced market," in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a "seller's market."
- The Mortgage Bankers Association's (MBA) Market Composite Index, a measure of mortgage loan application volume, fell 10.6% week-over-week for the period ending February 16. The bulk of new loan applications was for home purchases. Refinancing activity declined 11.0% from the previous week but ticked up 0.1% year-over-year. There remains little incentive for many homeowners to refinance as they secured their current loans at significantly lower interest rates.

Stocks

- Global equities registered positive returns during the week. Emerging markets outperformed developed markets.
- U.S. equities posted gains for the week. Consumer staples and information technology were the top-performing sectors, while energy and real estate lagged. Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.25% during the week.
- Global bond markets eked out a gain for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of February 23, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.4%	4.6%	19.7%	760.4
MSCI EAFE ($)	1.0%	1.9%	10.6%	2279.6
MSCI Emerging Mkts ($)	1.3%	0.6%	4.2%	1029.4
US & Canadian Equities				
Dow Jones Industrials ($)	1.3%	3.8%	18.0%	39131.5
S&P 500 ($)	1.7%	6.7%	26.8%	5088.8
NASDAQ ($)	1.4%	6.6%	38.0%	15996.8
S&P/ TSX Composite (C$)	0.7%	2.2%	6.1%	21413.2
UK & European Equities				
FTSE All-Share (£)	-0.1%	-0.7%	-2.6%	4202.8
MSCI Europe ex UK (€)	1.1%	4.8%	8.7%	1765.5
Asian Equities				
Topix (¥)	1.4%	12.4%	34.7%	2660.7
Hong Kong Hang Seng ($)	2.4%	-1.9%	-17.8%	16725.9
MSCI Asia Pac. Ex-Japan ($)	1.1%	-0.1%	0.9%	528.1
Latin American Equities				
MSCI EMF Latin America ($)	0.6%	-3.5%	14.5%	2570.0
Mexican Bolsa (peso)	-0.9%	-1.3%	6.7%	56636.2
Brazilian Bovespa (real)	0.6%	-3.5%	20.3%	129441.9
Commodities ($)				
West Texas Intermediate Spot	0.7%	11.2%	5.6%	79.7
Gold Spot Price	1.2%	-1.4%	11.9%	2038.0
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.1%	-3.0%	2.2%	457.3
JPMorgan Emerging Mkt Bond	0.2%	-1.2%	8.0%	838.3
10-Year Yield Change (basis points*)				
US Treasury	-3	37	37	4.25%
UK Gilt	-7	50	45	4.03%
German Bund	-4	34	-11	2.36%
Japan Govt Bond	-2	11	21	0.72%
Canada Govt Bond	-13	35	12	3.46%
Currency Returns**				
US$ per euro	0.4%	-2.0%	2.1%	1.082
Yen per US$	0.2%	6.7%	11.7%	150.49
US$ per £	0.5%	-0.5%	5.5%	1.267
C$ per US$	0.1%	2.0%	-0.3%	1.350

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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