WEEKLY MARKET UPDATE | MARCH 1, 2024

Stocks finish in the mix.

The economy

- U.S. equities saw mixed performance during the week ending March 1. Investors expressed relief that the most recent report on inflation met expectations, which partially offset signs of waning consumer confidence in the U.S. economy. The tech-heavy Nasdaq Composite Index—which reached record-high closes on Thursday and Friday—and the broad-market S&P 500 Index registered gains, while the Dow Jones Industrial Average moved slightly lower for the week.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index advanced 0.3% in January—in line with expectations and up slightly from the 0.2% rise in December. The index posted an annual increase of 2.4%, down from December's 2.6% increase. The PCE price index is the Federal Reserve's preferred gauge of inflation, as it tracks the change in prices that consumers pay for a more comprehensive set of goods and services than that of the consumer-price index (CPI). Food prices were up 0.5% in January and 1.4% year-over-year, respectively. Prices for energy goods and services fell 1.4% in January, and decreased 4.9% over the previous 12 months. The core PCE price index, which excludes volatile food and energy costs, rose 0.4% in January, and the year-over-year advance of 2.8% was down marginally from the 2.9% annual upturn in December.
- U.S. consumers appear to be a bit less optimistic about the economy. The Conference Board's Consumer Confidence Index® fell 4.2 points to 106.7 in February, ending a streak of three consecutive monthly gains. Nonetheless, the index remained in positive territory; a reading above 100 signals a boost in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, slipped 1.7 points to 79.8 during the month. A reading below 80 suggests that consumers believe that there will be a recession in the U.S. over the next 12 months. The Present Situation Index, which reflects consumers' views of current conditions in the business and labor markets, declined 7.7 points to 147.2 in January.
- According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 3.2% in the fourth quarter of 2023, slightly lower than the initial estimate of 3.3% and down from the 4.9% rise in the third quarter. The U.S. economy expanded by 2.5% for the 2023 calendar year, topping 2022's 1.9% annual gain, bolstered mainly by increases in consumer spending—which comprises more than two-thirds of U.S. GDP—and nonresidential fixed investment (purchases of both nonresidential structures and equipment and software). The largest contributors to GDP growth for the fourth quarter included consumer spending, exports, and state and local government spending. The lower economic growth rate in the fourth quarter relative to the previous three-month period was attributable primarily to slowdowns in private inventory investment (a measure of the changes in values of inventories from one time period to the next) and federal government spending.
- The Census Bureau announced that new orders for durable goods fell by a greater-than-expected rate of 6.1% to $276.7 billion in January, following a 0.3% decline in December. Durable goods orders data provide a gauge of the status of the supply chain and the level of confidence that businesses and consumers have in the U.S. economy. The downturn in January was due mainly to a 16.2% decrease in orders for transportation equipment—particularly nondefense aircraft and parts—as a major passenger-plane manufacturer experienced a temporary downturn in new orders. Excluding transportation equipment, new orders dipped just 0.3% in January. New orders for nondefense capital goods (including small arms and ordnance, farm machinery and equipment, and construction machinery) and communications equipment decreased 19.4% and 8.4%, respectively, for the month. Conversely, orders for defense capital goods (including arms and ordnance, aircraft, missiles, and space vehicles and parts) surged 24.2% in January.

Stocks

- Global equities were flat during the week. Developed markets outperformed emerging markets.
- U.S. equities saw mixed performance for the week. Information technology and real estate were the top-performing sectors, while health care and utilities lagged. Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.19% during the week.
- Global bond markets recorded slightly positive returns for the week.
- Government bonds led the markets, followed by high-yield bonds and corporate bonds.

The Numbers as of March 1, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.0%	4.7%	20.6%	761.3
MSCI EAFE ($)	-0.1%	2.2%	11.4%	2286.0
MSCI Emerging Mkts ($)	-0.7%	-0.3%	4.2%	1020.9
US & Canadian Equities				
Dow Jones Industrials ($)	-0.1%	3.7%	18.4%	39087.4
S&P 500 ($)	0.9%	7.7%	29.0%	5137.1
NASDAQ ($)	1.7%	8.4%	42.0%	16274.9
S&P/ TSX Composite (C$)	0.7%	2.8%	6.0%	21552.4
UK & European Equities				
FTSE All-Share (£)	-0.1%	-0.8%	-3.2%	4197.1
MSCI Europe ex UK (€)	-0.4%	4.8%	9.1%	1765.6
Asian Equities				
Topix (¥)	1.8%	14.5%	35.8%	2709.4
Hong Kong Hang Seng ($)	-0.8%	-2.7%	-18.8%	16589.4
MSCI Asia Pac. Ex-Japan ($)	-0.7%	-0.7%	1.1%	525.2
Latin American Equities				
MSCI EMF Latin America ($)	-0.6%	-5.3%	15.1%	2520.7
Mexican Bolsa (peso)	-2.1%	-3.3%	4.0%	55475.4
Brazilian Bovespa (real)	-0.1%	-3.6%	25.2%	129314.7
Commodities ($)				
West Texas Intermediate Spot	0.9%	9.2%	0.1%	78.3
Gold Spot Price	2.3%	0.9%	13.7%	2084.9
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.1%	-2.6%	3.7%	459.1
JPMorgan Emerging Mkt Bond	0.3%	-0.5%	10.0%	844.3
10-Year Yield Change (basis points*)				
US Treasury	-6	31	13	4.19%
UK Gilt	8	58	23	4.11%
German Bund	5	39	-33	2.41%
Japan Govt Bond	0	10	21	0.72%
Canada Govt Bond	-3	32	-5	3.43%
Currency Returns**				
US$ per euro	0.1%	-1.9%	2.2%	1.083
Yen per US$	-0.2%	6.5%	9.8%	150.14
US$ per £	-0.1%	-0.6%	5.9%	1.266
C$ per US$	0.4%	2.4%	-0.3%	1.356

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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