WEEKLY MARKET UPDATE | MARCH 8, 2024

Fed chair makes a Capitol account.

The economy

- Major U.S. equity market indexes moved lower for the week ending March 8. Stock prices fell early in the week as shares of all but one of the "Magnificent Seven" mega-cap tech companies declined. A major chipmaker was the only Magnificent Seven stock to record a positive return over the first two trading days. The market subsequently rallied as investors took a favorable view of Federal Reserve (Fed) Chair Jerome Powell's comments on monetary policy during his scheduled appearance before both houses of the U.S. Congress on Wednesday and Thursday of this week. However, the market experienced another downturn on Friday, as shares of five members of the Magnificent Seven declined.
- In a prepared statement delivered at the beginning of his appearance before the U.S. House of Representatives Committee on Financial Services on Wednesday, Powell said that the central bank remains on schedule to pivot to an interest-rate cutting cycle later this year. "If the economy evolves broadly as expected, it will likely be appropriate to begin dialing back policy restraint at some point this year," Powell commented. However, Powell cautioned that the Fed "does not expect that it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent." When asked by a member of the House Committee on Financial Services if the Fed plans to make an announcement when the economy reaches a "soft landing" (in which growth and inflation slow but the economy does not enter a recession), Powell responded, "We're just going to keep our heads down and do our jobs. We wouldn't be declaring victory like that." He also said that he does not believe the U.S. economy will slip into a recession.
- In testimony before the Senate Committee on Banking, Housing, and Urban Affairs on Thursday, Powell noted that the Fed is aware of the risk of waiting too long to reduce interest rates. He reiterated that, if inflation data meet the central bank's expectations, rate cuts "can and will begin over the course of this year."
- There was significant news during the week regarding the U.S. labor market. The Department of Labor reported that U.S. payrolls expanded by a greater-than-expected total of 275,000 jobs in February, modestly higher than the 229,000 added in January (revised downward from the government's previous estimate of 333,000). The unemployment rate rose 0.2 percentage point to 3.9%. Employment in health care, government, and food services and drinking places increased 67,000, 52,000, and 42,000, respectively, in February. Average hourly earnings rose 0.1% and 4.3% in February and year-over-year, respectively. The 12-month increase was down from the 4.5% annual rise measured in January.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), a gauge of the status of the U.S. labor market, job openings in the U.S. decreased by 26,000 (0.3%) to 8,863,000 in January (the most recent reporting period)—down 15.0% from the 10,425,000 openings a year earlier. However, the total remained well above the pre-pandemic level of 6,995,000 openings in February 2020. There were significant month-over-month declines in open positions in the retail trade, transportation, warehousing, and utilities, and private educational services sectors, and an increase in job openings in nondurable goods manufacturing, and health care and social assistance. The job openings rate (calculated by dividing the number of job openings by the sum of the total number of employees and the number of job openings) was 5.3% in January, unchanged from the previous month, and was down from the 6.3% rate recorded in January 2023. The relatively weaker labor market data could ease upward pressure on wages, further slowing inflation.

Stocks

- Global equities gained ground during the week. Developed markets outperformed emerging markets.
- U.S. equities ended in negative territory for the week. Utilities and materials were the top-performing sectors, while consumer discretionary and information technology lagged. Value stocks led growth, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.08% during the week.
- Global bond markets garnered positive returns for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of March 8, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.8%	6.3%	23.8%	773.1
MSCI EAFE ($)	1.8%	4.9%	13.7%	2344.7
MSCI Emerging Mkts ($)	0.5%	0.6%	6.4%	1030.3
US & Canadian Equities				
Dow Jones Industrials ($)	-0.9%	2.7%	20.1%	38722.7
S&P 500 ($)	-0.3%	7.4%	30.8%	5123.7
NASDAQ ($)	-1.2%	7.2%	41.9%	16085.1
S&P/ TSX Composite (C$)	0.9%	3.7%	8.2%	21737.5
UK & European Equities				
FTSE All-Share (£)	-0.1%	-0.9%	-2.4%	4194.5
MSCI Europe ex UK (€)	1.5%	7.1%	11.3%	1803.7
Asian Equities				
Topix (¥)	0.6%	15.2%	31.7%	2726.8
Hong Kong Hang Seng ($)	-1.4%	-4.1%	-17.9%	16353.4
MSCI Asia Pac. Ex-Japan ($)	0.9%	0.6%	3.9%	531.9
Latin American Equities				
MSCI EMF Latin America ($)	-0.4%	-5.2%	13.5%	2523.0
Mexican Bolsa (peso)	-1.1%	-4.3%	2.8%	54911.1
Brazilian Bovespa (real)	-1.7%	-5.3%	20.9%	127036.1
Commodities ($)				
West Texas Intermediate Spot	-1.3%	10.2%	4.2%	78.9
Gold Spot Price	4.8%	5.7%	19.4%	2185.0
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	1.0%	-1.4%	4.6%	464.6
JPMorgan Emerging Mkt Bond	0.7%	0.5%	10.6%	852.9
10-Year Yield Change (basis points*)				
US Treasury	-10	20	17	4.08%
UK Gilt	-14	44	18	3.97%
German Bund	-15	25	-37	2.27%
Japan Govt Bond	2	12	23	0.74%
Canada Govt Bond	-10	22	17	3.33%
Currency Returns**				
US$ per euro	0.9%	-0.9%	3.4%	1.094
Yen per US$	-2.0%	4.3%	8.0%	147.05
US$ per £	1.6%	1.0%	7.8%	1.286
C$ per US$	-0.5%	1.8%	-2.5%	1.349

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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