WEEKLY MARKET UPDATE | APRIL 26, 2024

A late-week swoon can't burst stocks' balloon.

The economy

- U.S. equities garnered positive returns for the week ending April 26. The technology sector led a market rally earlier in the week and at the end of the period, driven by strong corporate results from several mega-cap companies. This offset a sharp downturn on Thursday as investors were rattled by relatively weak gross domestic product (GDP) data and signs of persistent inflation, which could further delay the Federal Reserve's (Fed) pivot to an interest rate-cutting cycle. The tech-heavy Nasdaq Composite Index gained 4.2% for the week.
- According to the initial estimate from the Department of Commerce, U.S. GDP grew at a lower-than-expected annualized rate of 1.6% in the first quarter of 2024—down sharply from the 3.4% rise in the fourth quarter of 2023. The largest contributors to GDP growth for the first quarter included consumer spending, residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals), and nonresidential fixed investment (purchases of both nonresidential structures and equipment and software). The government attributed the lower GDP growth rate in the first quarter relative to the previous three-month period to slowdowns in consumer spending, exports, state and local government spending, and federal government spending.
- The Department of Commerce also reported that the personal-consumption-expenditures (PCE) price index advanced 0.3% in March, matching the increase in February. The index posted an annual upturn of 2.7%, up from February's 2.5% rise. The PCE price index is the Fed'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 flat in March and were up 1.5% over the previous 12 months. Prices for energy goods and services rose 1.2% and 2.6% in March and year-over-year, respectively. The core PCE price index, which excludes volatile food and energy costs, rose 0.3% in March, and the year-over-year advance of 2.8% was unchanged from the annual increase in February.
- The Department of Labor announced that initial unemployment insurance claims, a barometer of the health of the labor market, dipped by 5,000 to 207,000 during the week ending April 20. The total represented a decrease from the 209,000 claims filed during the same week in 2023. The four-week moving average of initial claims declined 1,250 week-over-week to 213,250, and was down 4,000 from the four-week average of 217,250 a year earlier.
- The Census Bureau announced that new orders for durable goods increased by 2.6% to $283.4 billion in March—in line with market expectations and sharply higher than the 0.7% rise in February. 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 upturn in March was due largely to a 30.6% surge in orders for transportation equipment—particularly nondefense aircraft and parts—as well as a 10.6% increase in defense capital goods (including arms and ordnance, aircraft, missiles, and space vehicles and parts). Excluding transportation equipment, new orders rose 0.2% in March. Conversely, new orders for computers and related equipment fell 3.9% during the month.
- On the political front, after several months of contentious debate, the U.S. House of Representatives passed legislation to provide nearly $95 billion in aid to Ukraine ($60.1 billion), Israel ($26.4 billion), and Taiwan and the Indo-Pacific region ($8.2 billion). The Senate approved the bill in a 79-18 vote on Tuesday, and President Joe Biden signed the legislation on Wednesday. Republican Party leaders in the U.S. House of Representatives previously had rejected an aid package that was approved with bipartisan support in the Senate. The aid package provides Ukraine with rocket launchers, armored vehicles, and artillery to strengthen the country's defense against Russia's ongoing invasion.

Stocks

- Global equities gained ground during the week. Emerging markets outperformed developed markets.
- U.S. stocks garnered positive returns for the week. Information technology and consumer discretionary were the top-performing sectors, while materials and energy lagged. Growth stocks led value, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.66% during the week.
- Global bond markets declined for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of April 26, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.7%	3.9%	16.2%	755.6
MSCI EAFE ($)	1.3%	1.3%	6.2%	2265.9
MSCI Emerging Mkts ($)	2.4%	0.5%	5.8%	1028.6
US & Canadian Equities				
Dow Jones Industrials ($)	0.7%	1.5%	13.0%	38239.7
S&P 500 ($)	2.7%	6.9%	23.3%	5100.0
NASDAQ ($)	4.2%	6.1%	31.2%	15927.9
S&P/ TSX Composite (C$)	0.7%	4.8%	7.0%	21969.2
UK & European Equities				
FTSE All-Share (£)	3.0%	4.5%	3.9%	4423.6
MSCI Europe ex UK (€)	0.4%	6.1%	8.7%	1787.9
Asian Equities				
Topix (¥)	2.3%	13.5%	32.2%	2686.5
Hong Kong Hang Seng ($)	8.8%	3.5%	-11.0%	17651.2
MSCI Asia Pac. Ex-Japan ($)	3.3%	0.5%	3.8%	531.6
Latin American Equities				
MSCI EMF Latin America ($)	0.9%	-9.1%	9.1%	2421.1
Mexican Bolsa (peso)	3.5%	0.8%	6.2%	57838.6
Brazilian Bovespa (real)	1.2%	-5.7%	23.0%	126563.5
Commodities ($)				
West Texas Intermediate Spot	2.4%	18.9%	13.9%	85.2
Gold Spot Price	-2.8%	12.9%	17.6%	2333.7
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.3%	-4.6%	-2.0%	449.9
JPMorgan Emerging Mkt Bond	-0.3%	-1.0%	7.0%	840.3
10-Year Yield Change (basis points*)				
US Treasury	4	78	114	4.66%
UK Gilt	9	79	53	4.32%
German Bund	7	55	12	2.57%
Japan Govt Bond	4	28	43	0.89%
Canada Govt Bond	8	71	87	3.82%
Currency Returns**				
US$ per euro	0.4%	-3.1%	-3.0%	1.070
Yen per US$	2.1%	11.9%	17.9%	157.89
US$ per £	1.0%	-1.9%	0.0%	1.250
C$ per US$	-0.6%	3.2%	0.6%	1.367

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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