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# Financial Week Newsletter

*Summarized by Smith Shellnut Wilson*

February 26, 2024

***"To acquire knowledge, one must study; but to acquire wisdom, one must observe." Marilyn Vos Savant***

## MARKETS

**Macro Recap:** It was an abbreviated holiday week, with very little in the way of economic data. Federal Reserve officials from the U.S. expressed apprehension that recent advancements in curbing inflation might be offset by robust consumer spending and business hiring. Minutes from the Fed's late January meeting unveiled on Wednesday revealed that some officials highlighted the potential risk of a halt in progress toward price stability.

Looking ahead, one of the most anticipated economic reports of the week will be the updated U.S. GDP estimate set to be released on Wednesday. An initial estimate from late January indicated a 3.3% annual expansion in GDP during the fourth quarter of last year, surpassing many economists' forecasts.

**Equity Recap:** This week saw the S&P 500 and Dow Jones Industrial Average extending their climb into record territory, while the Nasdaq Composite resumed its rally. The holiday-shortened week witnessed significant activity, primarily on Thursday, driven by the impressive quarterly performance of NVIDIA (NVDA). NVIDIA's robust report reignited investor enthusiasm for AI-related stocks, other growth equities, and semiconductor shares. NVDA surged by 8.5% throughout the week, surpassing a $2 trillion market capitalization milestone for the first time and bringing its year-to-date gain to just under 60%.

**Bond/Rate Recap:** On Friday, the ongoing inversion of the yield curve reached its most pronounced level this year, as indicated by the negative 42 basis point spread between the yields of 2-year and 10-year U.S. Treasury bonds. The closing yield for the 2-year bond stood at 4.68%, while that of the 10-year bond was 4.26%, sustaining an inversion where short-term debt offers higher yields than long-term debt.

## INDICES

| | Feb 23 Close | Feb 19 Open | Weekly, %/BP Chg | Dec-23 | YTD Change |
|---|---|---|---|---|---|
| **DJIA** | 39,165 | 38,628 | 1.4% | 37,690 | 3.9% |
| **S&P 500** | 5,089 | 5,006 | 1.7% | 4,770 | 6.7% |
| **NASDAQ** | 16,024 | 15,776 | 1.6% | 15,011 | 6.7% |
| **Russell 2000** | 2,017 | 2,033 | -0.8% | 2,027 | -0.5% |
| **KBW Bank Indx** | 95.7 | 95.4 | 0.3% | 96.0 | -0.3% |
| **VIX** | 13.9 | 14.2 | -2.1% | 12.5 | 12.0% |
| **Oil (WTI** | $76.34 | $79.19 | -3.6% | $72.57 | 5.2% |
| **Prime** | 8.50 | 8.50 | 0.00 | 8.50 | 0.00 |
| **BTFP Rate** | 5.40 | 5.40 | 0.00 | 4.84 | 0.56 |
| **3m Tbill** | 5.41 | 5.37 | 0.04 | 5.33 | 0.07 |
| **2yr UST** | 4.70 | 4.64 | 0.06 | 4.25 | 0.45 |
| **10yr UST** | 4.26 | 4.28 | -0.02 | 3.88 | 0.38 |
| **2-10yr UST Spread** | -45 | -36 | -8 | -37 | -7 |
| **2y AAA Muni/10y UST** | 60.2% | 60.9% | -0.6% | 58.9% | 1.3% |
| **10y AAA Muni/10y UST** | 59.9% | 59.6% | 0.4% | 58.5% | 1.5% |
| **5yr Inflation Rate** | 2.39 | 2.42 | -0.03 | 2.15 | 0.23 |

## Week Ahead

- **Monday:** New home sale
- **Tuesday:** Case-Shiller 20-City Home Price Index, Cons. Confidence
- **Wednesday:** Fourth-quarter GDP, second estimate
- **Thursday:** PCE, Pending home sales
- **Friday:** ISM, Construction Spending, UoM Cons. Sent

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