SMITH SHELLNUT WILSON
AN AFFILIATE OF b1BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Defeat is not the worst of failures. Not to have tried is the true failure." George Edward Woodberry

MARKETS

Macro Recap: An increase in consumer spending prompted the government to revise its final estimate of fourth-quarter economic growth. GDP expanded at a rate of 3.4% annually, up from the previous estimate of 3.2%. This marks the sixth consecutive quarter in which annual GDP growth has surpassed 2.0%.

In Friday's report, the U.S. Federal Reserve's preferred inflation measure indicated a deceleration in consumer price growth compared to previous months. The Personal Consumption Expenditures Price Index rose by 2.8% annually in February, excluding food and energy prices. This figure remained unchanged from the previous month, representing the slowest increase since March 2021.

Equity Recap: The S&P 500 and the Dow Jones Industrial Average achieved record-high closing levels in a shortened trading week that ended on Thursday, with a Friday report on inflation looming. While the S&P 500 and the Dow registered marginal weekly gains, the NASDAQ experienced a slight decline.

March concluded as the fifth consecutive month of gains for major U.S. stock indexes, with the S&P 500 posting its strongest first-quarter performance since 2019. The S&P 500 surged by 10.2% for the quarter, the NASDAQ rose by 9.1%, and the Dow increased by 5.6%. Over five months, the S&P 500 has surged by 25.3%.

Bond/Rate Recap: Treasury yields remained steady for the week. Notably, the yield on the 2-year note edged down by 1 basis point, moving from 4.60% to 4.59%, while the yield on the 10-year note stayed constant at 4.20%.

Week Ahead: The upcoming monthly unemployment report, scheduled for release on Friday, will reveal whether the trend of surpassing expectations in job numbers continued into March. In February, the economy added 275,000 new jobs, surpassing the consensus estimate of around 200,000 among most economists. However, the unemployment rate increased to 3.9%, and there was a slowdown in wage growth.

INDICES

	Mar 29 Close	Mar 25 Open	Weekly Change	Dec 31 2023	YTD Change
DJIA	39,807	39,476	0.8%	37,690	5.6%
S&P 500	5,254	5,234	0.4%	4,770	10.2%
NASDAQ	16,379	16,429	-0.3%	15,011	9.1%
Russell 2000	2,125	2,072	2.5%	2,027	4.8%
KBW Bank Indx	104.9	101.7	3.1%	96.0	9.2%
VIX	13.0	13.1	-0.4%	12.5	4.5%
Oil (WTI	$83.42	$80.63	3.5%	$72.57	15.0%
Prime	8.50	8.50	0.00	8.50	0.00
Effective Fed Funds	5.33	5.33	0.00	5.32	0.01
3m Tbill	5.34	5.36	-0.03	5.33	0.00
2yr UST	4.60	4.59	0.01	4.25	0.35
10yr UST	4.20	4.20	0.00	3.88	0.32
2-10yr UST Spread	-40	-39	-1	-37	-3
2y AAA Muni/10y UST	64.8%	62.9%	1.9%	58.9%	5.9%
10y AAA Muni/10y UST	59.9%	59.0%	0.9%	58.5%	1.4%
5yr Inflation Rate	2.44	2.47	-0.03	2.15	0.29

Week Ahead

- **Monday:** ISM-Manufacturing, Construction spending
- **Tuesday:** JOLTS, Factory orders
- **Wednesday:** ADP, ISM-Nonmanufacturing
- **Thursday:** Weekly unemployment, Trade balance
- **Friday:** Unemployment Report, Consumer Credit

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Chad McKeithen | Research Department
Smith Shellnut Wilson, LLC
661 Sunnybrook Rd., Ste 130
Ridgeland, MS 39157
601.605.1776
www.ssw1776.com
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