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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Procrastination makes easy things hard, hard things harder." Mason Cooley

MARKETS

Macro Recap: Despite negative GDP growth and declining consumer confidence, the market appeared to stabilize last week. Optimism arose from China's indication that it remains open to trade talks with the U.S., along with strong earnings reports from Meta and Microsoft, and a surprisingly positive April employment report.

A monthly survey measuring U.S. consumer confidence fell for the fifth consecutive month, reaching its lowest level in nearly five years. The Conference Board's Consumer Confidence Index for April registered at 86.0, down from 92.9 in March, and significantly below economists' expectations.

U.S. GDP contracted at an annual rate of 0.3% in the first quarter of this year, marking the first negative reading since Q1 2022. The preliminary GDP report was impacted by a surge in imported goods, as U.S. businesses rushed to stock up ahead of higher tariffs.

U.S. stock indexes rose on Friday following an employment report that exceeded economists' expectations for the second month in a row. The economy added 177,000 new jobs in April, surpassing the consensus forecast of around 130,000, while the unemployment rate remained steady at 4.2%.

Equity Recap: The stock market experienced another successful week. The S&P 500 closed 2.9% higher than last Friday, marking its ninth consecutive weekly gain. The Nasdaq Composite rose by 3.4% compared to last Friday's close, while the Dow Jones Industrial Average saw a 3.0% increase.

Bond/Rate Recap: Prices of U.S. government bonds declined, resulting in higher yields. The yield on the 10-year U.S. Treasury note closed at approximately 4.31% on Friday, an increase of seven basis points for the week. Similarly, yields for shorter-term Treasuries rose, with the 2-year bond yield climbing seven basis points to 3.82%.

Week Ahead: It is widely anticipated that the U.S. Federal Reserve will maintain interest rates unchanged when it concludes its two-day meeting on Wednesday. However, rate cuts may still be on the horizon, and discussions about the Fed's future plans will be closely monitored. According to CME Group's FedWatch tool, Friday's interest rate futures market prices indicated that most investors expect at least three quarter-point rate cuts by the end of the year.

INDICES

	May 2 Close	Apr 28 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	41,317	40,114	3.0%	42,544	-2.9%
S&P 500	5,687	5,525	2.9%	5,882	-3.3%
NASDAQ	17,978	17,383	3.4%	19,311	-6.9%
Russell 2000	2,021	1,958	3.2%	2,230	-9.4%
KBW Bank Indx	122.0	117.0	4.3%	127.5	-4.3%
Bitcoin	$94,729	$93,574	1.2%	$93,714	1.1%
Oil (WTI)	$56.08	$63.13	-11.2%	$71.72	-21.8%
Gold	$3,247	$3,310	-1.9%	$2,625	23.7%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.30	4.28	0.02	4.31	-0.01
2yr UST	3.82	3.76	0.07	4.24	-0.42
10yr UST	4.31	4.24	0.07	4.57	-0.26
2-10yr UST Spread	48	47	1	33	16
2y AAA Muni/10y UST	76.0%	78.9%	-2.9%	66.5%	9.6%
10y AAA Muni/10y UST	77.5%	80.8%	-3.3%	68.4%	9.0%
5yr Inflation Forecast	2.33	2.34	-0.01	2.42	-0.09

Week Ahead

- **Monday:** ISM nonmanufacturing
- **Tuesday:** Trade balance
- **Wednesday:** FOMC meeting, Consumer credit
- **Thursday:** Productivity & Labor cost, Wholesale inventories
- **Friday:** No major reports

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