

CAPITAL MARKETS REPORT - MARCH 11, 2024



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SERVICE BEYOND COMPARISON

Market Movers:

- Wall Street traders breathed a sigh of relief with J. Powell once again signaling he expects the Federal Reserve to cut rates this year—even as a strong economy keeps officials on hold for now. During testimony, Powell postulated that the risk from commercial real estate is “manageable.” The Fed chief also said that the central bank is likely to significantly change its plan to require large lenders to hold more capital—a move that would mark a major win for large financial institutions.
- The robust rally in stocks took a breather on Monday, with traders awaiting this week’s batch of jobs data and remarks from Fed officials. In the absence of fresh catalysts, equities showed signs of exhaustion after a rally that drove the S&P to its 15th record in 2024. Treasury prices fell and the ten year yield rose four basis points to 4.22%.
- Powell’s remarks on Wednesday left intact expectations that the Fed will deliver three, 25bp rate cuts this year. With traders betting on policy easing as early as June. Their forecast is actually more aligned with the Fed’s than it was at the start of the year.
- The US economy has expanded at a modest pace since earlier in the year, while consumers showed more sensitivity to rising prices, per the Beige Book.
- JOLTS showed US job openings remained elevated in January. Companies boosted hiring in February, with private payrolls increasing 140k, trailing estimates.
- Two year yields fell with the dollar after Powell said the Fed is “not far” from the level of confidence needed to ease monetary policy. He noted that interest rate reductions “can and will begin” this year.
- The US jobless rate climbed to a two-year high even as hiring remained healthy, pointing to a cooler yet resilient labor market. Nonfarm payrolls advanced 275k following a 167k downward revision. The unemployment rate rose to 3.9% and wages slowed.

Market Last Week

	3/1/24 Close	3/8/24 Close	Weekly Change
2 yr. Note	4.53%	4.48%	-5bps
5 yr. Note	4.16%	4.05%	-11bps
10 yr. Note	4.18%	4.08%	-10bps
30 yr. Bond	4.33%	4.25%	-8bps
SOFR Rate	5.31%	5.31%	unch

Data This Week

Date/Time (EST)	Economic Data	Market Estimate	Prior Report
3/12/24 8:30 AM	CPI MoM	0.4%	0.3%
3/12/24 8:30 AM	CPI Ex Food & Energy	0.3%	0.4%
3/12/24 8:30 AM	CPI YoY	3.1%	3.1%
3/13/24 7:00 AM	MBA Mortgage Applications	n/a	9.7%
3/14/24 8:30 AM	Retail Sales Advance MoM	0.8%	-0.8%
3/14/24 8:30 AM	PPI Final Demand MoM	0.2%	0.3%
3/14/24 8:30 AM	PPI Ex Food & Energy MoM	0.2%	0.5%
3/14/24 7:30 AM	Initial Jobless Claims	218k	217k
3/14/24 7:30 AM	Continuing Claims	1905	1906k
3/15/24 8:30 AM	Empire Manufacturing	-7.0%	-2.4%
3/15/24 9:15 AM	Industrial Production MoM	0.0%	-0.1%
3/15/24 10:00 AM	Univ. of Michigan Sentiment	77.3	76.9

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