

CAPITAL MARKETS REPORT - MARCH 18, 2024



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SERVICE BEYOND COMPARISON

Market Movers:

- Equities edged lower on Monday, with investors awaiting more clues on whether the recent uptick in consumer prices was just a blip or an indication that the disinflationary trend has hit a roadblock. US consumer expectations for inflation over the next three years climbed in February, according to Fed Bank NY survey. Those figures came ahead of data expected to show inflation probably abated only gradually last month, illustrating why US officials are in no rush to cut rates.
- Stocks climbed to a fresh record Tuesday as the latest inflation figure did little to alter bets the Federal Reserve will cut rates this year, even if officials keep a more cautious stance for now.
- The bond market sold off after a hot inflation report reinforced bets the Fed will be in no rush to cut rates even as some areas of the economy show signs of sluggishness. Following the steps of the consumer-price data, the producer price index also signaled a pickup in cost pressures. In contrast, retail sales missed estimates. While it's probably too early to draw any conclusions, the set of figures raised some eyebrows about the possibility of stagflation.
- Earnings for the S&P grew 7.4% in the fourth quarter from the same time a year ago. Excluding the Magnificent Seven group of tech giants, profit in the index posted a 1.7% contraction, according to Bloomberg.
- The Federal Reserve is expected to keep rates unchanged at the March 19-20 meeting for the fifth straight gathering. Coming on the heels of reports warning of persistently high inflation, the focus will be on the Fed's new "dot plot." The median forecast of policymakers in December showed three quarter-point rate reductions for 2024.
- Bets on the timing of the first quarter point cut have pushed out to July. Yields rose on Friday on most maturities, twos and tens rose more than 20bps.

Market Last Week

	3/8/24 Close	3/15/24 Close	Weekly Change
2 yr. Note	4.48%	4.73%	+25bps
5 yr. Note	4.05%	4.33%	+28bps
10 yr. Note	4.08%	4.31%	+23bps
30 yr. Bond	4.25%	4.43%	+18bps
SOFR Rate	5.31%	5.31%	unch

Data This Week

Date/Time (EST)	Economic Data	Market Estimate	Prior Report
3/19/24 8:30 AM	Building Permits	1500k	1470k
3/19/24 8:30 AM	Housing Starts	1430k	1331k
3/20/24 7:00 AM	MBA Mortgage Applications	n/a	7.1%
3/20/24 2:00 PM	FOMC Rate Decision	5.5%	5.5%
3/21/24 8:30 AM	Philadelphia Fed Business Outlook	-2.3	5.2
3/21/24 8:30 AM	Initial Jobless Claims	215k	209k
3/21/24 8:30 AM	Continuing Claims	1824k	1811k
3/21/24 9:45 AM	US Manufactur- ing PMI	51.8	52.2
3/21/24 9:45 AM	US Services PMI	52.0	52.3
3/21/24 9:45 AM	US Composite PMI	52.1	52.5
3/21/24 10:00 AM	Leading Index	-0.2%	-0.4%
3/21/24 10:00 AM	Existing Home Sales	3.94m	4.00m

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