

4/8/2024

## THE WEEK AHEAD



### THINGS TO WATCH

–THE INFLATION SITUATION: U.S. consumer price index (CPI) and producer price index (PPI) data for March will be released pre-market on Wednesday and Thursday, respectively. Higher energy prices last month likely offset slowing inflation in used cars and rents. CPI is expected to decelerate to 0.3% from 0.4% in February, while the year-over-year reading is projected to increase to 3.5% from 3.2% as a 0.1% print from March 2023 falls out of the 12-month calculation. Core CPI, which strips out energy and food prices, is forecast to slow slightly to 3.7% on an annual basis from 3.8% in February.

–MARCH FOMC MINUTES: On Wednesday afternoon, investors will get a look at the behind-the-scenes discussion amongst Federal Reserve policymakers at the March 19-20 Federal Open Market Committee (FOMC) meeting. Although the majority of officials anticipate three quarter-point rate cuts by the end of this year, Minneapolis Fed President Neel Kashkari (not an FOMC voter in 2024) threw a wrench in the consensus last Thursday when he suggested rate cuts may not be appropriate at all this year if "...we continue to see inflation moving sideways..."

–BIG BANK EARNINGS: The equity underwriting fees of JPMorgan (JPM) and Citigroup (C) will be under the microscope amid a recent revival in IPO activity when the duo reports 1Q24 results Friday morning. Any comments from Wells Fargo (WFC) management regarding a potential loosening of the federal regulatory cap on its balance sheet could also make headlines Friday.

–GOLD: The precious metal broke out to all-time highs in the first week of March and quickly surged another 10% to push above \$2,300/oz. by the end of last week. Gold's breakout has occurred despite a stronger U.S. dollar and U.S. Treasury yields (two traditional headwinds). A consolidation between \$2,100/oz. and \$2,200/oz. in coming weeks would probably be a healthy development.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing PMI	50.3	47.1	▲
ISM Services PMI	51.4	50.5	▲
JOLTS Job Openings (Millions)	8.76	8.93	▼
Non-Farm Payrolls (Thousands)	303	290	▲
Unemployment Rate	3.8%	3.7%	▲
Average Hourly Earnings (Y/Y)	4.1%	4.3%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	38904.04	-2.23%	3.77%	18.66%
NASDAQ	16248.52	-0.79%	8.46%	36.57%
S&P 500	5204.34	-0.93%	9.53%	29.22%
MSCI EAFE	2345.86	-1.11%	4.80%	13.76%
BB U.S. Aggregate	2133.43	-0.99%	-1.72%	-0.56%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.37%	5.36%	4.82%
10-Year Treasury	4.40%	4.15%	3.31%

REPORTS DUE THIS WEEK	LATEST
Consumer Price Index (Y/Y)	3.2%
Core Consumer Price Index (Y/Y)	3.8%
Producer Price Index (Y/Y)	1.6%
Retail Sales (M/M)	0.6%
U. of Mich. Consumer Sentiment	79.4

Total returns are as of 4/5/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

### NUMBERS OF THE WEEK

3.9%

The expected growth rate of first quarter S&P 500 operating earnings per share (EPS) compared to a year ago based on data aggregated by Bloomberg Intelligence. This would mark a deceleration from the index's 8.2% year-over-year profit growth in the fourth quarter. Operating EPS growth is expected to pick up in 2Q (9.5%), 3Q (9.0%), and 4Q (13.3%) led by the communication services, technology, and healthcare sectors. For all of 2024, S&P 500 profits are expected to grow 10% from \$223 to \$245.

\$9,359

The closing price per ton of the 3-month forward copper contract on the London Mercantile Exchange at the end of last week, the highest level since June 13, 2022. Ongoing concerns about refined product output from China and heightened social tensions in Panama have pressured global copper supplies. On the demand side, signs of a tentative recovery in global manufacturing and India's massive spending on infrastructure have offset Chinese property sector weakness.

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