WEST SHORE BANK

WEEKLY RECAP - March 4, 2024

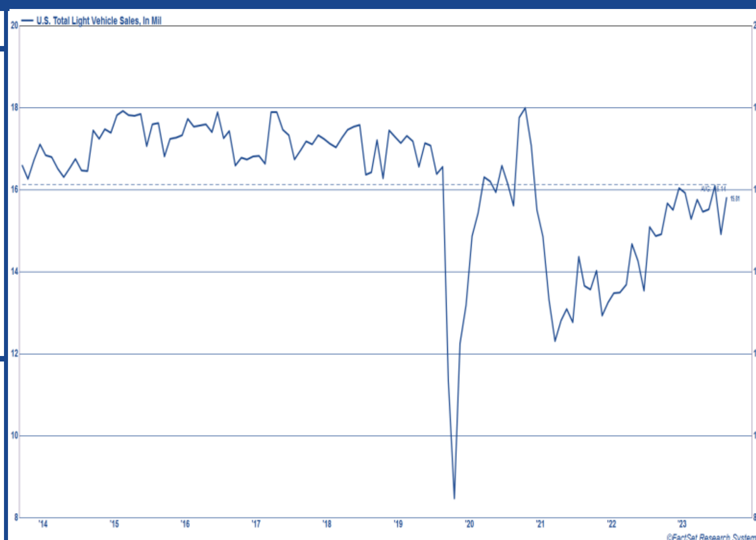
Economic & Market Commentary

Major US equity indices finished higher for February, with the Nasdaq and small-cap Russell 2000 leading the way. But the S&P was also strong, closing above the 5,000 mark for the first time on February 9th and setting several further all-time highs. Despite some defensive tone in the last week of the month, the path of least resistance remained to the upside in February, with several analysts even raising their 2024 S&P price targets in the last week. Treasuries were notably weaker with the curve flattening amid a broad repricing of Fed rate-cut expectations after hawkish takeaways from the January 30-31 FOMC meeting. Market expectations shifted the first rate cut out of March and into June. Federal Reserve officials continue to suggest a strong policymaker consensus to wait for additional data to provide greater confidence that inflation is sustainably moving toward the 2% target. The Fed's preference for greater confidence was fleshed out in a month that saw mixed economic releases. The January CPI report that came in hotter on both headline and core measures and the market also processed the release of higher-than-forecasted growth in non-farm payrolls and a steeper-than-expected decline in January retail sales. These mixed economic readings suggest the timing of the rate path ahead could continue to be bumpy. While rate cuts have been pushed out, they are still broadly expected. The data continues to support the disinflation narrative, though that is unlikely to manifest as a straight line. Corporate earnings have been resilient and consumer spending remains robust. AI remains a high-profile tailwind for equities, despite some missteps by GOOGL's Gemini last month. There are also positive takes on small-cap outperformance, rising focus on corporate operational-efficiency pushes, M&A headlines, healthy buyback authorizations, and the "dry powder" dynamic of cash coming off the sidelines.

Index Total Returns - March 1, 2024

	1-Wk	YTD	1-Yr
NASDAQ	1.76	8.55	44.19
S&P 500	0.99	7.97	32.12
S&P 400	1.87	4.85	13.55
Dow Jones	0.00	4.09	22.24
MSCI-Developed	0.72	3.23	15.22
Russell 2000	3.00	2.62	11.13
MSCI-Emerging	-0.30	0.27	6.90
Barclay's U.S. Bond Index			
High Yield	0.20	0.47	11.44
5-year Muni	0.10	-0.25	4.00
Municipal	0.19	-0.37	5.44
Int. Gov. Credit	0.39	-0.47	5.10
Aggregate	0.47	-1.30	4.34

U.S. Auto Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.94	4.98	5.10
U.S. 2-Yr	4.54	4.68	4.90
U.S. 3-Yr	4.33	4.45	4.62
U.S. 5-Yr	4.17	4.29	4.28
U.S. 10-Yr	4.18	4.26	4.00
U.S. 30-Yr	4.33	4.37	3.95

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.23	3.23	3.32
U.S. AA	3.25	3.25	3.45
U.S. A	3.71	3.73	3.98
U.S. Baa	4.33	4.38	4.57
U.S. Municipal	3.41	3.42	3.63
Michigan	3.57	3.59	3.76

S&P 500 Sector Total Returns - March 1, 2024

Sector	1-Wk	YTD	1-Yr
Info Tech	2.52	12.47	62.98
Communication Services	-0.30	11.58	60.23
Health Care	-1.04	7.36	17.26
Financials	0.00	7.11	15.46
Industrials	1.08	6.66	22.12
Consumer Discretionary	2.08	5.29	34.87
Energy	1.33	4.03	5.45
Consumer Staples	-0.45	3.85	8.74
Materials	1.31	2.74	8.97
Real Estate	2.07	-1.34	8.75
Utilities	-0.41	-2.59	-0.16

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.77	17.99	1.33
S&P 400 - Mid Cap	15.52	15.54	1.43
S&P 600 - Small Cap	14.47	15.17	1.76

Sources: FactSet