



Economic & Market Commentary

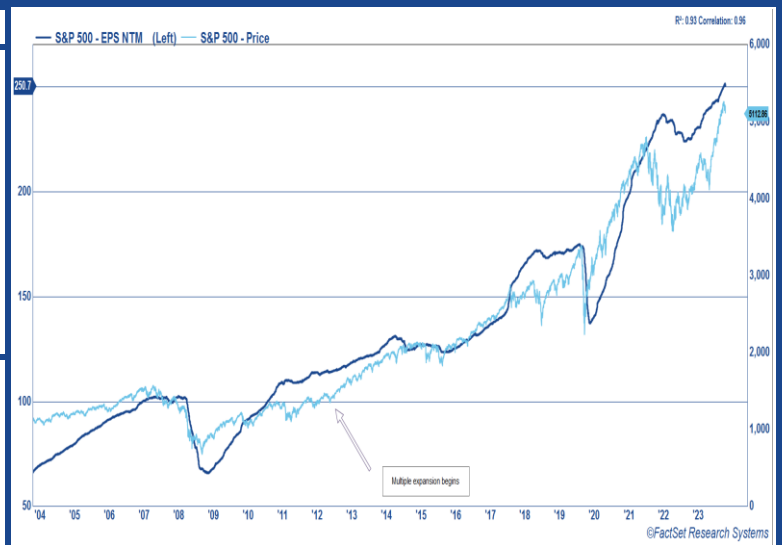
First-quarter 2024 earnings season for S&P 500 companies kicks off in earnest this week. Consensus expectations forecast earnings growth in the quarter of +3.2% and +10.9% for full-year 2024. The S&P 500 index is comprised of 500 large-capitalization companies and these companies are broken down into 11 sectors and 67 industries. As shown in the S&P 500 Total Return section below, Information Technology is by far the largest sector in the index followed by Financials and Health Care. This broad stock index is closely watched by investors, for underlying earnings are closely correlated to stock price performance. Sometimes earnings growth precedes price advances and vice versa. A good example of this was after the Financial Crisis when corporate earnings exploded for a couple of years, but stock prices remained muted as there was a total lack of confidence surrounding any sustained economic and earnings growth. It wasn't until 2013 when confidence sustainably grew in the economy and stock market multiples began to expand. Currently, the opposite is true as prices have moderately advanced ahead of projected earnings growth. As reported last week, inflation in March came in hotter than expected at both the headline and core levels m/m and y/y. These readings sent stock markets sharply lower and bond yields abruptly higher. It also significantly pushed back the likelihood of the Federal Reserve's first rate cut, which is now being called into question. The Wall Street Journal posted an article late last week titled "Fed Rate Cuts Are Now a Matter of If, Not Just When." Higher rates for longer could pressure costs for companies which in turn could begin to eat into corporate profit margins. This earnings season is going to be especially scrutinized for companies guidance on sales volume, pricing power, and earnings growth. Earnings growth is needed to sustain and expand market valuations.

Index Total Returns - April 12, 2024

	1-Wk	YTD	1-Yr
NASDAQ	-0.45	7.97	36.67
S&P 500	-1.52	7.86	27.19
S&P 400	-2.98	4.69	18.66
MSCI-Developed	-1.12	3.20	10.64
MSCI-Emerging	-0.34	2.30	7.65
Dow Jones	-2.36	1.32	15.28
Russell 2000	-2.91	-0.80	14.71
Barclay's U.S. Bond Index			

High Yield	-0.58	0.39	9.37
5-year Muni	-0.03	-0.82	0.72
Municipal	-0.08	-1.11	1.21
Int. Gov. Credit	-0.50	-1.19	1.10
Aggregate	-0.70	-2.52	-0.70

S&P 500 Correlation - Price & Earnings



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.13	5.05	4.72
U.S. 2-Yr	4.89	4.75	3.98
U.S. 3-Yr	4.72	4.56	3.70
U.S. 5-Yr	4.55	4.39	3.47
U.S. 10-Yr	4.52	4.39	3.42
U.S. 30-Yr	4.63	4.55	3.65

S&P 500 Sector Total Returns - April 12, 2024

Sector	1-Wk	YTD	1-Yr
Comm. Services - 9.3%	-0.39	18.26	52.14
Energy - 4.1%	-1.92	15.85	14.48
Info Tech - 29.5%	-0.21	11.34	48.53
Industrials - 8.8%	-2.21	8.27	25.62
Financials - 13.1%	-3.58	6.97	26.57
Materials - 2.4%	-3.08	5.44	13.77
Consumer Staples - 5.9%	-1.18	3.44	2.38
Health Care 12.2%	-3.05	2.31	5.54
Con. Discretion - 10.4%	-0.68	2.30	30.71
Utilities 2.2%	-1.49	2.24	-4.54
Real Estate - 2.3%	-2.76	-6.77	2.53

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.48	3.46	2.73
U.S. AA	3.50	3.48	2.87
U.S. A	3.89	3.87	3.43
U.S. Baa	4.43	4.40	4.19
U.S. Municipal	3.64	3.61	3.06
Michigan	3.81	3.78	3.22

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.51	18.06	1.34
S&P 400 - Mid Cap	15.17	15.52	1.47
S&P 600 - Small Cap	13.82	15.20	1.85