WEST SHORE BANK

WEEKLY RECAP - June 3, 2024

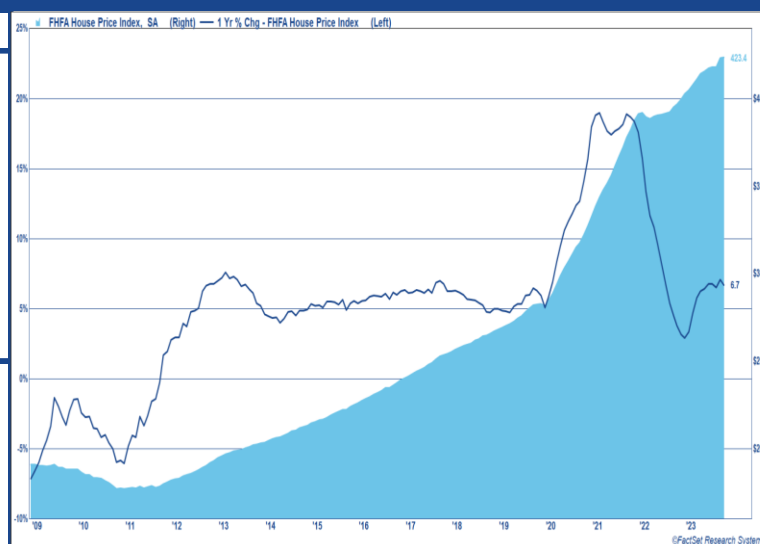
Economic & Market Commentary

Major US equity indices were higher in May, rebounding after a weak April. The S&P and Nasdaq notched five straight weeks of gains before declining in the last week of the month and have risen for six of the last eight months. However, there is a lack of depth and breadth in the rally as only about 36% of S&P constituents remained above their 50-day moving averages at month's end, not much different than the proportion at the end of April. Big tech stocks logged outsized performance again, with more than half of the S&P's May gain being attributed to NVDA +26.8%, AAPL +12.9%, MSFT +6.8%, and GOOGL +6.0%. There remained a significant focus on the Fed, though there was not much in the way of a major shift off expectations for policymakers to hold rates firm until sometime later in the second half of this year. Economic data was somewhat softer overall in April as nonfarm payrolls undershot consensus, retail sales came in soft and below consensus, and both ISM manufacturing and service activity were weaker than prior month. There was also evidence for a continuing disinflationary trajectory. April's CPI report was largely in line and analysts and policymakers broadly expect inflation to continue to trend lower in the second half of this year, though the path may still be bumpy. As we enter June, bulls continue to point to forecasts for further disinflation, solid corporate earnings, a healthy labor market, and a still-spending consumer. It may take a while for the Fed to gain enough confidence to cut, but expectations remain that those cuts are coming most likely in either in September or November. Market bears have been pointing to hawkish Fedspeak and continued Treasury supply worries as placing upward pressure on rates. Additionally, there is a rising concern about the degree to which stubborn inflation and a value-conscious consumer may constrain companies pricing power and earnings prospects.

Index Total Returns - May 31, 2024

	1-Wk	YTD	1-Yr
NASDAQ	-1.09	11.82	30.37
S&P 500	-0.49	11.30	28.19
S&P 400	0.22	7.87	25.97
MSCI-Developed	-0.05	7.07	18.53
MSCI-Emerging	-3.10	3.41	12.39
Dow Jones	-0.88	3.52	19.97
Russell 2000	0.04	2.68	20.12
Barclay's U.S. Bond Index			
High Yield	-0.01	1.63	11.24
Int. Gov. Credit	0.17	-0.31	2.67
Municipal	-0.45	-1.91	2.67
5-year Muni	-0.23	-1.83	1.90
Aggregate	0.04	-1.64	1.31

FHFA Home Price Index



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.16	5.20	5.19
U.S. 2-Yr	4.87	4.95	4.39
U.S. 3-Yr	4.67	4.72	4.05
U.S. 5-Yr	4.49	4.53	3.75
U.S. 10-Yr	4.49	4.47	3.64
U.S. 30-Yr	4.63	4.57	3.86

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.79	3.70	3.33
U.S. AA	3.81	3.72	3.48
U.S. A	4.15	4.07	3.99
U.S. Baa	4.60	4.53	4.64
U.S. Municipal	3.93	3.84	3.64
Michigan	4.07	3.98	3.78

S&P 500 Sector Total Returns - May 31, 2024

Sector	1-Wk	YTD	1-Yr
Comm. Services	-0.60	20.88	41.80
Info Tech	-1.45	17.31	38.23
Utilities	1.69	15.82	15.99
Financials	0.08	11.16	33.70
Energy	2.04	12.38	25.16
Industrials	-0.81	8.77	29.78
Consumer Staples	0.11	9.18	11.86
Materials	0.15	7.30	24.48
Health Care	-0.58	5.78	14.36
Con. Discretion	-0.26	0.73	20.82
Real Estate	1.82	-4.38	9.30

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.57	18.13	1.32
S&P 400 - Mid Cap	15.52	15.54	1.44
S&P 600 - Small Cap	14.47	15.31	1.76

Sources: FactSet