WEST SHORE BANK

WEEKLY RECAP - April 29, 2024

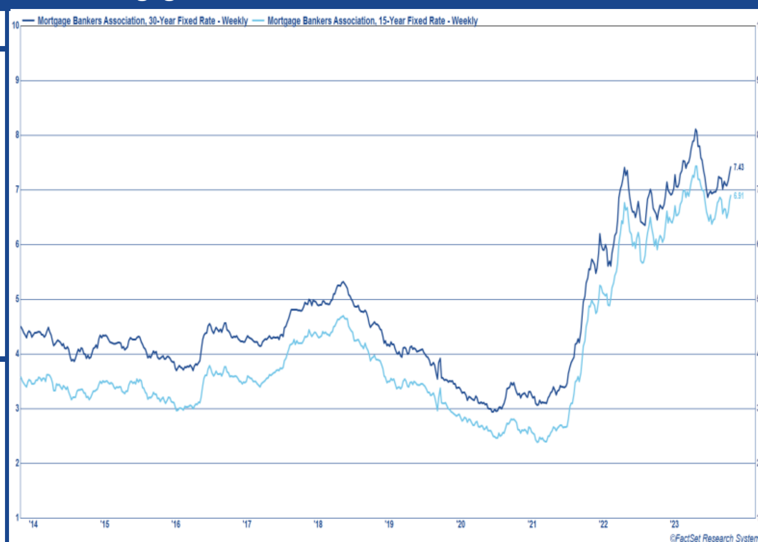
Economic & Market Commentary

Stocks rallied last week advancing higher by solid first-quarter 2024 earnings growth. According to FactSet's Earnings Insight report from last Friday: "Overall, 46% of the companies in the S&P 500 have reported actual reports. The index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended earnings growth rate for the first quarter is +3.5%, compared to an earnings growth rate of +0.6% last week and +3.4% on March 31st. The net profit margin for the S&P 500 for Q1 2024 is 11.5%, which is in line with the year-ago net profit margin and the 5-year average, but above the previous quarter’s net profit margin." Importantly, calendar year earnings guidance is holding steady. For calendar year 2024 and 2025, projected earnings growth are +10.8% and +13.9%, respectively. Trading for the month of April ends at market close Tuesday and is shaping up to be the first down month since last October. Higher than expected inflation readings for the past three months, along with extended delays in the Federal Reserve's first rate cut, pressured markets most of the month. Many experts and pundits believe the Fed's delay in cutting rates could be a policy mistake resulting in weakened consumer and business spending, a much softer labor market, higher overall costs, pressured profit margins, and lower earnings growth. So far, this has not been the case but just the opposite. Consumer spending remains resilient as does the labor market. The bond market is certainly starting to price in the higher-rates-for-longer narrative, and we expect longer-term interest rates to continue to drift higher over the course of the next six to nine months. The reality is the Fed remains reluctant to cut rates and even when they do it will be at a measured and tepid incremental pace. Thus, we expect the yield curve to flatten and steepen adjusting to the unfamiliar higher rate era.

Index Total Returns - April 26, 2024

	1-Wk	YTD	1-Yr
S&P 500	2.68	7.38	27.71
NASDAQ	4.23	6.32	35.43
S&P 400	2.07	4.55	21.16
MSCI-Developed	1.92	2.77	9.45
MSCI-Emerging	3.77	2.36	10.52
Dow Jones	0.67	2.05	17.26
Russell 2000	2.80	-0.84	17.50
Barclay's U.S. Bond Index			
High Yield	0.60	0.41	9.37
5-year Muni	-0.26	-1.23	1.41
Int. Gov. Credit	0.01	-1.47	0.68
Municipal	-0.30	-1.69	1.88
Aggregate	-0.08	-3.19	-1.25

MBA Mortgage Rates: 15-Year and 30-Year



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.20	5.16	4.67
U.S. 2-Yr	5.00	4.98	3.92
U.S. 3-Yr	4.84	4.81	3.67
U.S. 5-Yr	4.69	4.66	3.49
U.S. 10-Yr	4.67	4.61	3.43
U.S. 30-Yr	4.78	4.71	3.68

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.62	3.55	3.03
U.S. AA	3.64	3.57	3.19
U.S. A	4.02	3.96	3.72
U.S. Baa	4.54	4.49	4.46
U.S. Municipal	3.77	3.70	3.35
Michigan	3.95	3.86	3.54

S&P 500 Sector Total Returns - April 26, 2024

Sector	1-Wk	YTD	1-Yr
Comm. Services	2.72	17.56	55.40
Energy	0.74	15.32	17.85
Financials	1.06	8.98	29.01
Info Tech	5.11	8.54	44.58
Industrials	1.83	8.04	28.49
Consumer Staples	1.56	6.68	4.24
Utilities	1.18	5.38	0.39
Materials	0.66	4.98	16.29
Health Care	0.75	3.09	8.09
Con. Discretion	3.52	1.11	28.59
Real Estate	1.23	-8.90	2.77

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.22	18.08	1.37
S&P 400 - Mid Cap	15.16	15.50	1.47
S&P 600 - Small Cap	13.95	15.25	1.84

Sources: FactSet