

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- Consumer prices rose more than expected in March as inflation heated up for a second straight month.
 - The headline Consumer Price Index (CPI) rose to 3.5% year over year, while the core CPI remained at 3.8%. Compared to last month, headline and core prices both increased 0.4%.
 - All readings were higher than their respective forecasts.
- The Producer Price Index (PPI) increased 0.2% for the month, less than the 0.3% estimate.
 - However, on a 12-month basis, the PPI rose 2.1%, the biggest gain since April 2023.
- In the week ending April 6, initial jobless claims were at a level of 211,000, a decrease of 11,000 from the previous week's revised figure.
- Consumer sentiment moved sideways for the fourth straight month in April, according to the preliminary report for the Michigan Consumer Sentiment Index. The index fell 1.5 points (-1.9%) to 77.9 from the March final. The latest reading was below the forecast of 79.0.

How do inflation readings, initial jobless claims, and consumer sentiment impact you?

- Consumer inflation remained persistently high last month, boosted by gas, rents, auto insurance, and other items.
- This was followed by higher-than-expected producer prices. Because producer prices measure price changes before they reach consumers, some people see it as an earlier predictor that CPI could continue to rise.
- A hotter-than-expected inflationary reading will likely give the Federal Reserve (Fed) pause as it considers interest rate cuts.
- Initial jobless claims measure the number of individuals who filed for unemployment insurance for the first time during the past week. This number continues to be low, indicating that the labor market remains strong.
- The Michigan Consumer Sentiment Index is a monthly survey of consumer confidence levels in the U.S. about the economy, personal finances, business conditions, and buying conditions. While higher than any reading seen in 2022 or 2023, the 2024 numbers are still off the pre-pandemic levels of 90-100.



A LOOK FORWARD¹

- This week, we will receive data on housing starts, building permits, and retail sales.

How do housing data and retail sales impact you?

- Housing starts tracks how many residential buildings began construction in the preceding month. The data is divided into single-family homes, residences with 2-4 units (condos or townhouses), and structures with 5+ units (apartment complexes). Housing starts coupled with building permits provide insight into future construction activity that will take place and thus are an excellent marker of future home building. Both of these numbers trended higher last month, and we will look for that trend to continue.
- Consumer spending makes up 70% of economic activity, and therefore, we should examine March's retail sales numbers to see if the data demonstrate steady spending by consumers who continue to benefit from a strong labor market and real wage gains.



MARKET UPDATE²

Market Index Returns as of 4/12/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.52%	-2.44%	7.86%	25.50%	9.04%	13.88%
NASDAQ	-0.45%	-1.23%	7.97%	34.00%	5.76%	16.13%
Dow Jones Industrial Average	-2.36%	-4.54%	1.32%	13.99%	6.23%	9.86%
Russell Mid-Cap	-2.64%	-4.21%	4.03%	17.22%	3.40%	9.41%
Russell 2000 (Small Cap)	-2.91%	-5.68%	-0.80%	13.23%	-2.16%	6.22%
MSCI EAFE (International)	-1.12%	-2.45%	3.20%	9.63%	3.07%	6.31%
MSCI Emerging Markets	-0.34%	-0.06%	2.30%	7.27%	-5.26%	1.61%
Bloomberg US Agg Bond	-0.70%	-1.75%	-2.52%	-0.55%	-3.26%	0.09%
Bloomberg High Yield Corp	-0.58%	-1.07%	0.39%	8.96%	1.63%	3.76%
Bloomberg Global Agg	-0.99%	-1.68%	-3.73%	-1.89%	-5.55%	-1.44%



OBSERVATIONS

- All three US large cap equity indices posted negative returns last week with the Dow Jones declining -2.36%. This is the second straight week of negative returns for major equity indexes. The S&P 500 posted a -1.52% return, and NASDAQ outperformed relative to the other two indexes with a -0.45% return.
- Mid-caps returned -2.64%, and small caps returned -2.91%, both underperforming the S&P 500 Index.
- International equities posted a -1.12% return for the week and underperformed emerging markets, which posted a negative return of -0.34%.
- Major bond indices declined for the week as yields across the treasury curve rose.
 - The US Agg posted a -0.70% return and lagged High Yield and Global bonds.
 - High Yield, which is less sensitive to interest rates, outperformed with a -0.58% return.



BY THE NUMBERS

How could Iran's attack on Israel affect gas prices: Iran last night launched more than 300 drones and missiles in retaliation for an apparent Israeli strike on an Iranian embassy two weeks ago. Iran's attacks caused minor damage at one military base. The bigger question for American consumers is how will this impact gas prices. The average price for a gallon of regular gas in the U.S. was \$3.63 as of Sunday, according to AAA, up almost 4 cents from a week before and 22 cents from a month earlier. The price was down 3 cents from a year ago, however. With oil prices up over 20% so far in 2024, any further escalation in the Middle East could send prices even higher, ultimately resulting in higher gas prices.³

Economics of the Eclipse: Americans are treating the eclipse like the YOLO moment it is and spending big: It's projected to deliver a \$6 billion infusion to the US economy—not far off the combined impact of Taylor Swift's Eras Tour (\$5.7 billion) and the 2023 Super Bowl (\$1.3 billion). Millions are making a vacation out of it, shelling out for flights, hotels, and tickets to viewing parties along the path of totality. And cities big and small are at full capacity. Indianapolis was preparing for 500,000 visitors—more than 7x the attendance of the Super Bowl it hosted in 2012. Niagara Falls is estimated to have hosted up to 1 million people for the eclipse. It typically gets 14 million visitors throughout the entire year.⁴

Economic Definitions

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100).

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 4/12/2024.

² Data obtained from Morningstar as of 4/12/2024.

³ <https://www.usatoday.com/story/money/2024/04/14/iran-israel-attack-gas-prices/73320580007/>

⁴ [The solar eclipse could deliver a \\$6 billion economic boom: "The whole community is sold out" - CBS News](#)