



Weekly Commentary

April 1st, 2024

Stock market today: Stocks wobble as new quarter kicks off

US stocks kicked off 2024's second quarter on wobbly feet Monday.

The S&P 500 (^GSPC) fell 0.3%, while the Dow Jones Industrial Average (^DJI) fell 0.6%. The tech-heavy Nasdaq Composite (^IXIC) fell below the flatline. All three indexes moved lower from early-session gains.



Wall Street has begun 2024 on a high note: The benchmark S&P 500 has set 22 fresh closing records so far this year as part of its best first quarter since 2019. Meanwhile, all three major averages have now risen for five straight months.

Markets were closed Friday, but the week's data highlight — the Personal Consumption Expenditures price index — served to boost hopes of rate cuts this year. That index contains "core" PCE, the Fed's preferred inflation gauge. The report showed core PCE rose 0.3% month over month, below economist expectations. Fed Chair Jerome Powell said Friday that the data was "along the lines" of what the Fed is looking for.

The data has given a boost to investor bets on a June rate cut. According to the CME FedWatch tool, around two-thirds of investors are pricing in a cut at the Fed's June meeting, compared with about 55% last Thursday.

The highlight of Q2's first week on the macroeconomic front is Friday's jobs report, which will serve as another important signal to the Fed.

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<https://finance.yahoo.com/news/stock-market-today-stocks-wobble-as-new-quarter-kicks-off-145810973.html>

Taking a Comprehensive Look at The Overall Current Stock Market



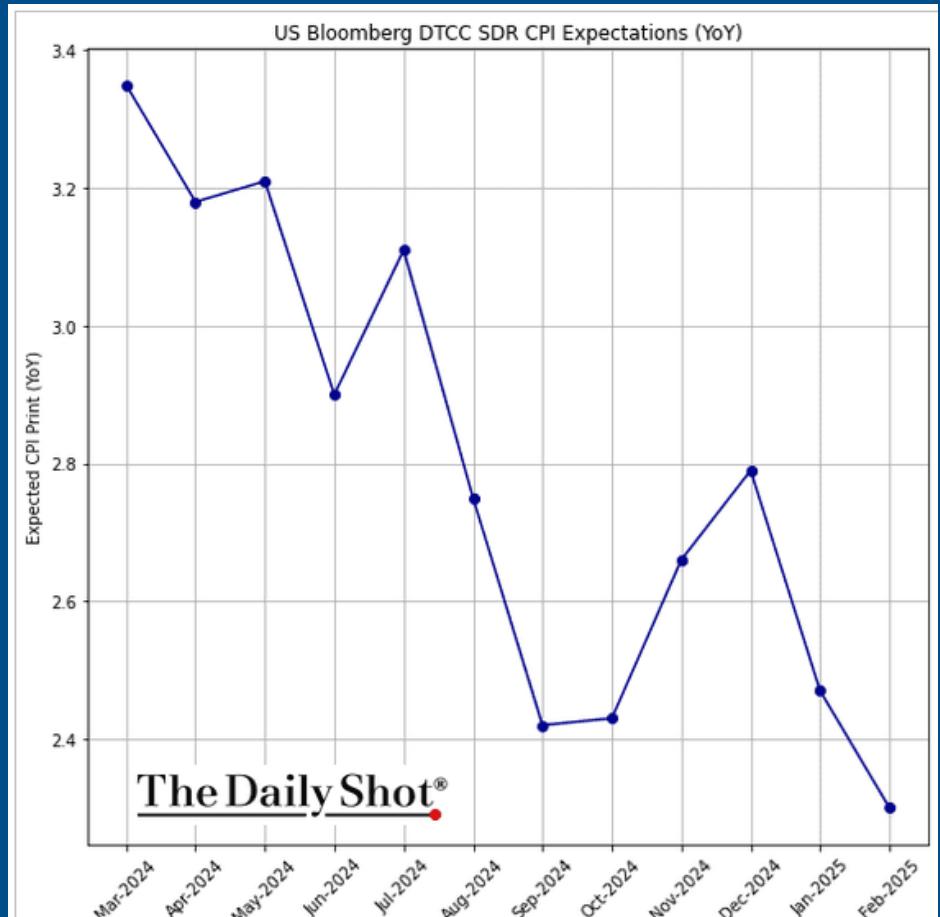
In a truly diversified portfolio, the portfolio's assets are spread across several asset classes, so that the portfolio's total return is determined by the performance of all of the positions in combination – not individually based on one asset type. While diversification does not ensure a profit or guarantee against loss, it can help mitigate the risk and volatility in your portfolio.

Index	YTD
Morningstar Alternatives Fund (MSTVX)	▲ 2.20%
iShares US Agg Bond ETF (AGG)	▼ -0.74%
DoubleLine Total Return Bond Fund (DBLTX)	▼ -0.20%
BlackRock 40/60 Target Allocation Instl (BIMPX)	▲ 3.46%
BlackRock 60/40 Target Allocation Instl (BIGPX)	▲ 5.39%
Vanguard Balanced Index Fund (VBINX)	▲ 5.68%

The chart above illustrates the performance of funds and ETF's designed to track major indices, including 2 Bond indices (DBLTX and AGG), 1 Balanced index (VBINX), 1 Multialternatives index (MSTVX), and two BlackRock 40/60 and 60/40 target allocation funds.

Chart of the Week

This chart depicts market expectations for the year-over-year CPI figures over the next 12 months.



WEEKLY MARKET SUMMARY

Global Equities: Stocks were mixed on light trading in advance of the long holiday weekend, with the S&P 500 up 0.4% and the Nasdaq down -0.3%. The Dow Jones Industrial Average finished with a 0.6% weekly gain and Small Caps sharply outperformed with the Russell 2000 up 2.6%. Developed International stocks gained 0.3% while Emerging markets gained 0.5%.

Fixed Income: 10-Year Treasury yields were relatively unchanged at 4.2%. Corporate bonds have found favor as investors look to lock in yields ahead of the eventual Fed rate cuts, with nearly \$23 billion in inflows year-to-date, which has pushed spreads to two-year lows for investment grade bonds and to 26-month lows for high yield bonds. High yield bonds have outperformed investment grade bonds and the US Aggregate Bond Index year-to-date, and high yield added another 0.05% return during the shortened week.

Commodities: Oil prices advanced slightly in weekly trading, bringing the per-barrel cost of US benchmark West Texas Intermediate (WTI) crude to nearly \$83 a barrel. WTI has gained nearly 14% in the first quarter of 2024, driven by geopolitical turmoil and OPEC production cuts.

WEEKLY ECONOMIC SUMMARY

GDP Revised: The final revision of fourth quarter 2023 GDP showed US economic growth improved from 3.2% to 3.4%, surprising economists who expected no change. The US economic output has defied all expectations and looks set to continue outperforming with the Atlanta Fed's GDPNow model projecting a 2.1% growth rate in the first quarter 2024.

Consumer Confidence Dips: The Conference Board's Consumer Confidence Index was down slightly in March, falling to a four-month low of 104.7. The survey reflected growing anxiety over persistent inflation and the 2024 presidential election. February's data was also revised downwardly, from 106.7 to 104.8. Despite the weakening sentiment, consumers have carried the US economy since the pandemic, and other spending data indicates consumer demand remains relatively robust.

PCE Inflation: The Personal Consumption Expenditure inflation release came in with a 0.3% monthly increase compared to estimates of 0.4% and an annual rate of 2.5%. Core PCE (Ex-Food and Energy) was up 0.3% for the month, in line with estimates, and the annual rate came in as expected at 2.8%. January's Core PCE reading was also revised up to 0.5% after initially coming in at 0.4%.

Source: <https://hanlon.com/weekly-update/>



Stock Market Score Card

April 1st, 2024

The Scorecard report is designed to provide an “at a glance” executive summary or overview of the overall market environment. The data is for informational purposes only and is not intended to portray trading indications/decisions for any Heritage strategy.

The “Current Signal” column displays the latest “signal” for each of the indicators/models displayed. Signals include “buy,” “sell,” or “hold”.

The “Indicator Rating” column is intended to provide the latest “rating” of the indicators/models displayed. Ratings for Primary Market Cycle include Bull/Bear Market. Ratings for the remainder include: Positive, Moderately Positive (Mod Pos), Neutral, or Negative.

The “S&P 500 Historical Return” column displays the average annualized rate of return for the indicator/model in its current mode. The historical return data is produced by Ned Davis Research Group.

SOURCE: Heritage Capital Research.

Indicator / Model	Current Signal	Indicator Rating	S&P 500 Historical Return
Primary Cycle Analysis			
Secular Market Cycle	Bull Market	Positive	31.2%
Cyclical Market Cycle	Bull Market	Positive	36.8%
Price Trend Analysis			
Short-Term Trend	Buy	Positive	NA
Intermediate-Term Trend	Buy	Positive	NA
Long-Term Trend Signal	Buy	Positive	9.7%
Momentum Analysis			
Short-Term Momentum Model	Buy	Positive	24.7%
Int-Term Momentum Model	Buy	Mod Pos	12.4%
Long-Term Momentum Model	Buy	Positive	15.3%
Fundamental Analysis			
Economic Model	Buy	Positive	9.1%
Earnings Model	Buy	Neutral	10.6%
Monetary Model	Buy	Positive	14.2%
Inflation Model	Buy	Positive	13.1%
Valuation Model	Sell	Negative	-1.2%
Overshadowed/Oversold Analysis			
Short-Term Signal	Hold	Negative	NA
Int-Term Signal	Sell	Negative	-2.2%
Long-Term Signal	Sell	Negative	NA
Investor Sentiment Analysis			
Short-Term Sentiment Model	Hold	Neutral	7.9%
Int-Term Sentiment Model	Sell	Negative	-11.1%
Long-Term Sentiment Model	Sell	Negative	1.0%
Current Scores Average Gain/Annum:			10.77%
S&P 500 average gain/annum from 12/28/1979 *:			9.17%

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