

March 8, 2024



## Global Market Commentary – A Solid February

### Global Markets Up in February

Stock markets in the U.S. and around the world had a solid February as U.S. equities rallied toward the end of the month to close out the best February for NASDAQ and the S&P 500 in nearly a decade. NASDAQ closed the month at 16,091.92, its highest close on record and the S&P 500 ended the month at 5,095.88, also a new record-high. Both NASDAQ and the S&P 500 had their best Februaries since 2015 and the DJIA had its best February since 2021.

For the month of February:

- The DJIA advanced +1.2%;
- The S&P 500 grew +3.9%;
- NASDAQ jumped +4.8%; and
- The Russell 2000 gained +4.1%.

So far YTD 2024 shows that:

- The DJIA is up +3.5% YTD;
- The S&P 500 is up +6.8% YTD;
- NASDAQ is up +7.2%; and
- The Russell 2000 is up +1.4%.

In keeping with U.S. markets, performance in developed markets outside the U.S. in January was good too – as 36 of the 38 developed markets tracked by MSCI were positive. Performance in the emerging markets tracked by MSCI was a little better as 39 of those 46 indices advanced.

The themes that drove market performance in February can be best described as improving consumer sentiment and spending and a few Fed-friendly data sets, although there were some worrying inflation data points toward the end of the month.

Volatility, as measured by the VIX, declined about 3% this month, although there were a couple of big 10% jumps mid-month before settling at 13.39.

West Texas Intermediate crude trended consistently up all month, advancing another 8% as it did last month to end the month at \$79.78/barrel.

### Market Performance Around the World

Investors looking outside the U.S. saw good performance, as 36 of the 38 of the developed markets tracked by MSCI advanced this month – with the majority advancing between 1-3%. Performance for emerging markets was arguably slightly better, with 39 of the 46 indices advancing for the month – and 21 jumping by more than 5%.

Index Returns	February 2024
MSCI EAFE	+1.68%
MSCI EURO	+3.22%
MSCI FAR EAST	+2.97%
MSCI G7 INDEX	+4.52%
MSCI NORTH AMERICA	+5.00%
MSCI PACIFIC	+2.06%
MSCI PACIFIC EX-JAPAN	+0.11%
MSCI WORLD	+4.11%
MSCI WORLD ex USA	+1.56%

Source: MSCI. Past performance cannot guarantee future results

## Sector Performance Was All Good

For the month of February, sector performance was all good, as every single one of the 11 S&P 500 sectors advanced. Contrast that with the performance for the month of January, which was mixed as 7 of the 11 S&P 500 sectors advanced for that month. Despite February's solid performance it was still not quite as good as December's when 10 of the 11 advanced and 6 of those jumped by more than 5%.

In addition, for February, the range in sector-returns narrowed considerably relative to previous months, with Consumer Discretionary up almost 7% and three sectors (Real Estate, Communication Services and Utilities) up less than 1%. That is still a decent range, but much less than previous months.

Here are the sector returns for the month of February and January (two very short time-periods):

S&P 500 Sector	January 2024	February 2024
Information Technology	+6.15%	+2.97%
Energy	+1.40%	+1.01%
Health Care	+2.96%	+4.72%
Real Estate	-4.11%	+0.63%
Consumer Staples	+2.06%	+2.82%
Consumer Discretionary	-1.73%	+6.85%
Industrials	+0.23%	+6.11%
Financials	+4.17%	+4.25%
Materials	-2.70%	+5.10%
Communication Services	+9.13%	+0.47%
Utilities	-2.78%	+0.80%

Source: FMR

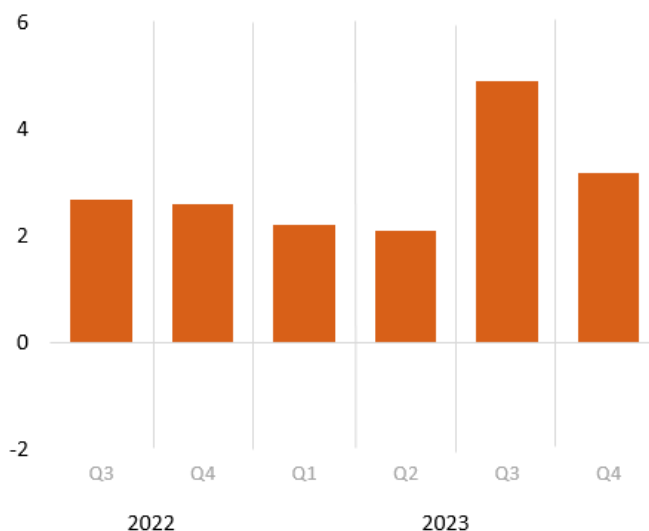
## GDP Up 3.2% Last Quarter

Real gross domestic product increased at an annual rate of 3.2% in the fourth quarter of 2023, according to the "second" estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.9%.

"The increase in real GDP reflected increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, and

residential fixed investment that were partly offset by a decrease in private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased."

### Real GDP: Percent change from preceding quarter

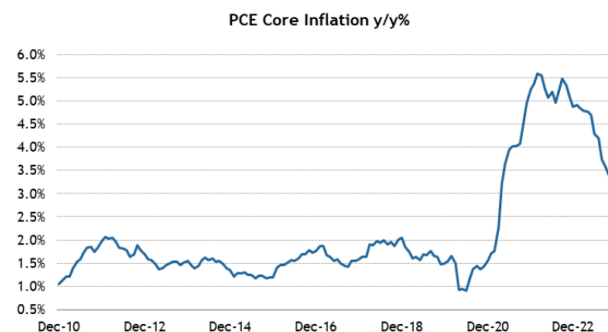


U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

## Inflation Comes in Hotter Than Expected

Personal income increased \$233.7 billion (1.0% at a monthly rate) in January, according to estimates released on the last day of the month by the Bureau of Economic Analysis. Disposable personal income, personal income less personal current taxes, increased \$67.6 billion (0.3%) and personal consumption expenditures (PCE) increased \$43.9 billion (0.2%).



- The PCE price index increased 0.3%.
- Excluding food and energy, the PCE price index increased 0.4%.

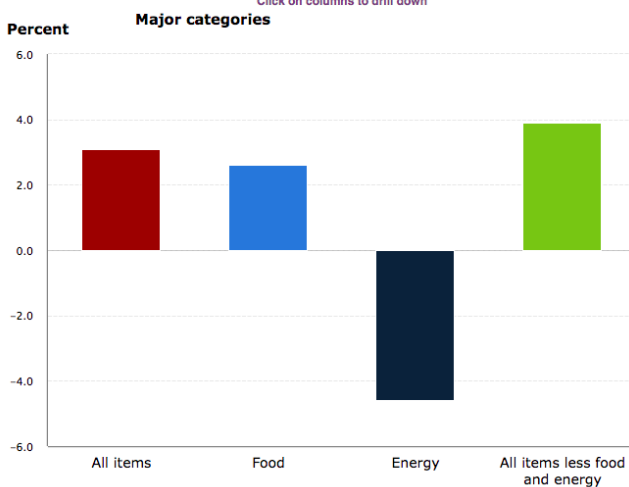
- Real DPI decreased less than 0.1% in January and real PCE decreased 0.1%
- Goods decreased 1.1% and services increased 0.4%.



### Additional (and Hotter) Inflation Data

The U.S. Bureau of Labor Statistics reported that the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in January on a seasonally adjusted basis, after rising 0.2% in December. Over the last 12 months, the all items index increased 3.1% before seasonal adjustment.

12-month percentage change, Consumer Price Index, selected categories, January 2024, not seasonally adjusted



### Reasons for January's Inflation Change

The index for shelter continued to rise in January, increasing 0.6% and contributing over two thirds of the monthly all items increase. The food index increased 0.4% in January, as the food at home index increased 0.4% and the food away from home index rose 0.5% over the month. In contrast, the energy index fell 0.9% over the month due in large part to the decline in the gasoline index. The index for all items less food and energy rose 0.4% in January.

Indexes which increased in January include shelter, motor vehicle insurance, and medical care. The index for used cars and trucks and the index for apparel were among those that decreased over the month.

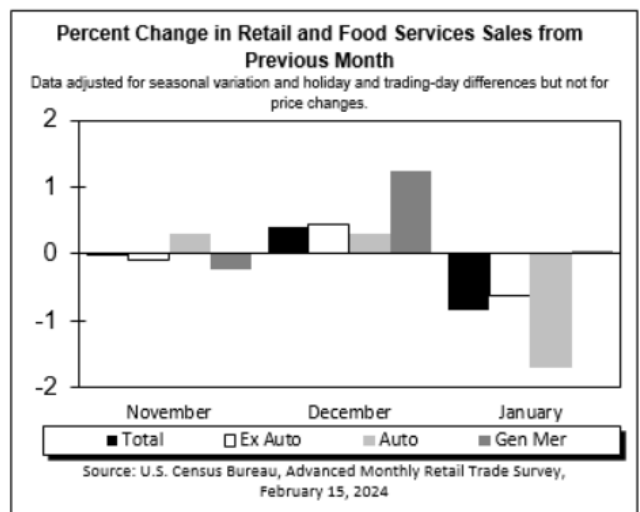
### Inflation Over the Past Year

Here are a few of the more interesting granular details from the CPI data:

	12-Months Ended January 2024
All Items	+3.1%
Food	+2.6%
Food away from home	+5.1%
Energy	-4.6%
All Items less food and energy	+3.9%
Used cars and trucks	-3.5%
Shelter	+6.0%
Transportation services	+9.5%

### U.S. Retail and Food Services

Advance estimates of U.S. retail and food services sales for January 2024, were \$700.3 billion, down 0.8% from the previous month, and up 0.6% above January 2023. Total sales for the November 2023 through January 2024 period were up 3.1% from the same period a year ago.



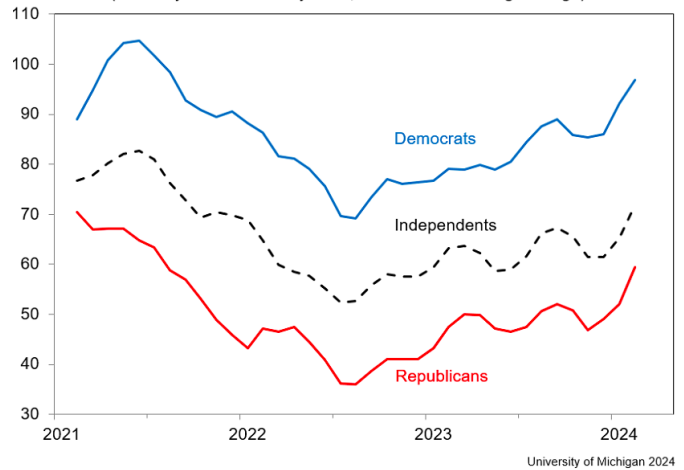
- Retail trade sales were down 1.1% from December 2023, and down 0.2% below last year.
- Nonstore retailers were up 6.4% from last year.
- Food services and drinking places were up 6.3% from January 2023.

### Consumer Sentiment Flat

“Consumer sentiment was essentially unchanged from January, rising 0.6 index points this month and solidifying the large gains from the past two months. The fact that sentiment lost no ground this month suggests that consumers continue to feel more assured about the economy, confirming the considerable improvements in December and January across various aspects of the economy. Consumers continued to express confidence that the slowdown in inflation and strength in labor markets would continue. Five-year expectations for business conditions rose 5% to its highest reading since December 2020. Sentiment is currently about 30% above November 2023 and about 6% below its historical average since monthly data collection began in 1978.

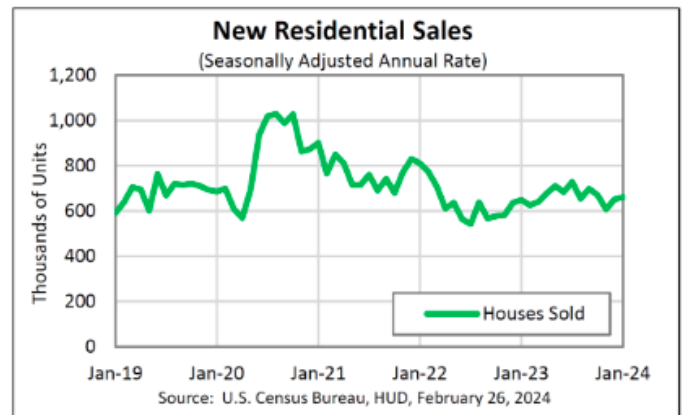
Year-ahead inflation inched up from 2.9 in January to 3.0% in February. For the second consecutive month, short-run inflation expectations have fallen within the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations remained at 2.9% for the third straight month, staying within the narrow 2.9-3.1% range for 28 of the last 31 months. Long-run inflation expectations were elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.”

**Index of Consumer Sentiment by Political Party**  
(February 2021 - February 2024, Three Month Moving Average)



### New Single-Family Home Sales Up

The U.S. Census Bureau and the U.S. Department of Housing and Urban Development jointly announced the following new residential sales statistics for January 2024:



### New Home Sales

- Sales of new single-family houses in January 2024 were at a seasonally adjusted annual rate of 661,000.
- This is 1.5% above the revised December rate of 651,000.
- This is 1.8% above the January 2023 estimate of 649,000.

## Sales Price

- The median sales price of new houses sold in January 2024 was \$420,700.
- The average sales price was \$534,300.

## For Sale Inventory and Months' Supply

- The seasonally-adjusted estimate of new houses for sale at the end of January was 456,000.
- This represents a supply of 8.3 months at the current sales rate.

## e-Commerce Sales Increase

The Census Bureau of the Department of Commerce announced that the estimate of U.S. retail e-commerce sales for the fourth quarter of 2023, adjusted for seasonal variation, but not for price changes, was \$285.2 billion, an increase of 0.8% from the third quarter of 2023.

Further:

- Total retail sales for the fourth quarter of 2023 were estimated at \$1,831.4 billion.
- This is an increase of 0.4% from the third quarter of 2023.
- The fourth quarter 2023 e-commerce estimate increased 7.5% from the fourth quarter of 2022.
- Total retail sales increased 2.8% in the same period.
- E-commerce sales in the fourth quarter of 2023 accounted for 15.6% of total sales.

Sources: [bea.gov](https://www.bea.gov); [census.gov](https://www.census.gov); [umich.edu](https://umich.edu); [fidelity.com](https://www.fidelity.com); [msci.com](https://www.msci.com); [nasdaq.com](https://www.nasdaq.com); [wsj.com](https://www.wsj.com); [morningstar.com](https://www.morningstar.com); [bea.gov](https://www.bea.gov); [census.gov](https://www.census.gov)

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