CWP | PRIVATE WEALTH MANAGEMENT

April 2024

Monthly Market Commentary

What a turn of events! We went from above average temperatures in February to below average temperatures in March. Not to mention, a large snowfall to start off April! Despite the harsh conditions here in the Midwest, we have a lot to look forward to. Summer is right around the corner, baseball is in full swing, and cookouts with family and friends are within reach. As always, we wish you continued health and happiness in 2024.

Global equity markets closed the quarter on a strong note with breadth starting to improve, which was not the case in the early part of the year. So far this year, returns have been concentrated in a narrow group of stocks driving indexes, but we believe this dynamic is starting to broaden with participation from other components as we progress over the year. On the other hand, fixed income continues to be choppy at best with duration still under stress as expectations of inflation to get to the FED's target are starting to fade while issuance continues to rise to fund deficits and budget needs of the government. Commodities are also starting to show some strength after a few years of weakness, specifically in the industrial complex alongside the slowdown in the global manufacturing cycle, which itself is showing signs of an inflection after a long period of slowdown. The first signs of a confirmation of this improvement were seen in the latest ISM manufacturing PMI that came in at 50.3 and was the first expansionary report after being in contraction for 16 months starting in November of 2022. However, it needs to be seen if this starts the trend or is a one off considering it is a diffusion index.

Global growth is starting to inflect as well, considering a lot of countries are dependent on manufacturing for contribution to economic growth and peak hawkishness now behind as central banks around the world start to focus on growth vs taming inflation. With forward valuations already extended, the baton is now passed to earnings growth to justify current valuations. Finally, the FED's dovish reversal over the last few months has not been consistent with their commitment to tame inflation to their 2% target and may come back to haunt them in a few quarters, but for now they seem to be content with the progress made on their goal. We remain skeptical that they will be able to deliver 3 rate cuts with the current economic backdrop unless something unforeseen unfolds. We are more constructive on growth prospects as the year progresses and are positioned accordingly.