



Summary

The U.S. stock market ended with mixed results last week. Both the S&P 500 and the NASDAQ posted major losses, with the S&P 500 dropping 3% and the NASDAQ plunging 5.5%. The Dow Jones Industrial Average was mostly unchanged.

March saw a strong 0.7% increase in retail sales, reaching \$702.1 billion. This provides more hope to a potential soft landing for the U.S. economy. The industrial production index rose by 0.4%, fueled by a 0.5% increase in manufacturing output, suggesting economic resilience despite stagnant year-over-year growth. The capacity utilization rate hit 78.4%, up from the

78.2% reading in February. Total housing starts declined 14.7% month-over-month in March to a seasonally adjusted annual rate of 1.321 million units. Building permits also decreased -4.3% month-over-month to a seasonally adjusted annual rate of 1.458 million. Both measurements indicate a slowdown, particularly in single-unit construction, and offer no signs of relief for a housing market that continues to be hampered by limited supply. Existing home sales declined 4.3% month-over-month in March to a seasonally adjusted annual rate of 4.19 million. The U.S. Leading Economic Index fell 0.3% to 102.4

following a 0.2% increase in February. From September 2023 to March 2024, the LEI contracted by 2.2%, showing a smaller decline compared to the 3.4% decrease over the preceding six months. Initial jobless claims for the week ending April 13 were unchanged at 212,000. Continuing jobless claims for the week ending April 6 increased by 2,000 to 1.812 million. The four-week moving average for continuing claims increased by 4,250 to 1,805,250.

ECONOMIC RELEASES

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Retail Sales (Mar – Mo 8:30)	+0.7%	+0.4%	
Business Inventories (Feb – Mo 10:00)	+0.4%	+0.3%	
Housing Starts (Mar – Tu 8:30)	1,321 TUAR	1,485 TUAR	
Building Permits (Mar – Tu 8:30)	1,458 TUAR	1,518 TUAR	
Industrial Production (Mar – Tu 9:15)	+0.4%	+0.4%	
Capacity Utilization (Mar – Tu 9:15)	78.4%	78.6%	
Initial Claims (4/18 – Th 8:30)	212K	215K	
Continuing Claims (4/6 – Th 8:30)	1,812K	NA	
Existing Home Sales (Mar – Th 10:00)	4.19 MUAR	4.20 MUAR	
Leading Indicators (Mar – Th 10:00)	-0.3%	-0.1%	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
New Home Sales (Mar – Tu 10:00)	670 TUAR	662 TUAR	
Durable Orders (Mar – We 8:30)	+1.8%	+1.4%	
Initial Claims (4/20 – Th 8:30)	215K	212K	
Continuing Claims (4/13 – Th 8:30)	NA	1,812K	
GDP – Adv. (Q1 – Th 8:30)	+ 2.4%	+3.4%	
Pending Home Sales (Mar – Th 10:00)	+1.0%	+1.6%	
Personal Income (Mar – Fr 8:30)	+0.5%	+0.3%	
Personal Spending (Mar – Fr 8:30)	+0.6%	+0.8%	
PCE Prices (Mar – Fr 8:30)	+0.3%	+0.3%	
PCE Prices – Core (Mar – Fr 8:30)	+0.3%	+0.3%	
U. Michigan Consumer Sentiment (Apr – Fr 10 :00)	77.9	NA	

*Sources: www.briefing.com and www.federalreserve.gov



Economic Review

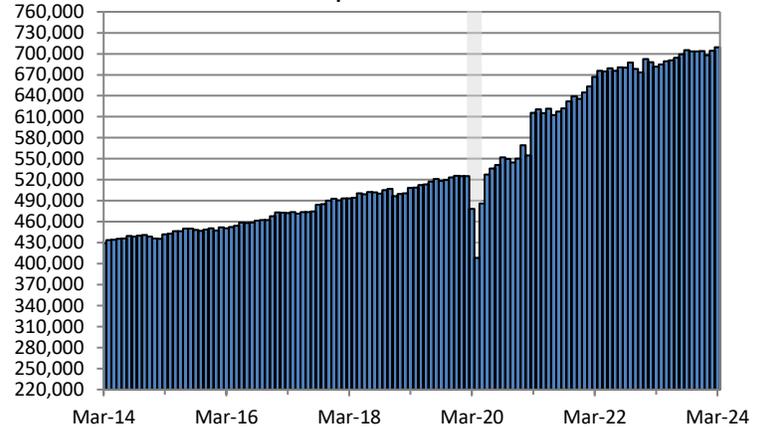
Following an upwardly revised increase of 0.9% in February, RETAIL SALES increased again, this time by 0.7%, bringing the March total to \$702.1 billion. Excluding automobile sales, retail surged even further, with a notable 1.1% increase month-over-month. Motor vehicles and parts dealer sales fell 0.7% month-over-month after a substantial 2.5% increase in February. Gasoline station sales, on the other hand, continued their upward trend, increasing by 2.1% month-over-month following a 1.6% rise in February. Food services and drinking places sales also experienced a modest increase of 0.4% month-over-month, following a 0.5% rise in February, while clothing and clothing accessories stores sales declined by 1.6% month-over-month, after a 0.2% increase in February. Electronics and appliance stores sales also fell by 1.2% month-over-month, following a 1.3% increase in February. In the broader context, the data underscores the resilience of the U.S. consumer, buoyed by a robust job market. Continued spending in March reinforces a positive outlook for the U.S. economy, signaling a potential soft landing.

February. Manufacturing output rose by 0.5%, primarily fueled by a notable 3.1% surge in motor vehicles and parts, surpassing the 1.2% increase in February. Durable manufacturing increased by 0.3% and nondurable output rose by 0.7%. Despite year-over-year stagnation in total industrial production and the capacity utilization rate remaining 1.2 percentage points below its long-run average, March's data suggest industrial production remains on a growth trajectory, driven by manufacturing output.

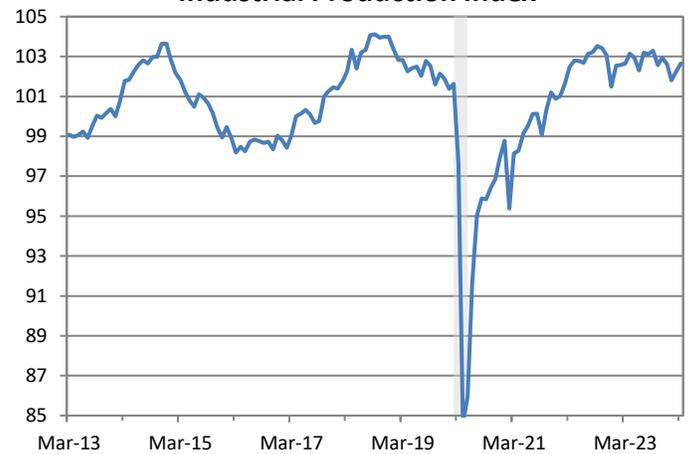
Total housing starts declined 14.7% month-over-month in March to a seasonally adjusted annual rate of 1.321 million units. Building permits also decreased (-4.3%) month-over-month to a seasonally adjusted annual rate of 1.458 million. The slowdown was concentrated in single-unit starts and permits. Single-family starts were down by double digits in every region but the West (including a significant 40.9% drop in the Northeast). The biggest drop in single-unit permits was registered in the Northeast (-8.2), followed by the Midwest (-7.0%), the West (-5.4%), and the South (-4.3%).

The INDUSTRIAL PRODUCTION INDEX saw a modest increase of 0.4% in March, following an upwardly revised 0.4% increase (from 0.1%) in

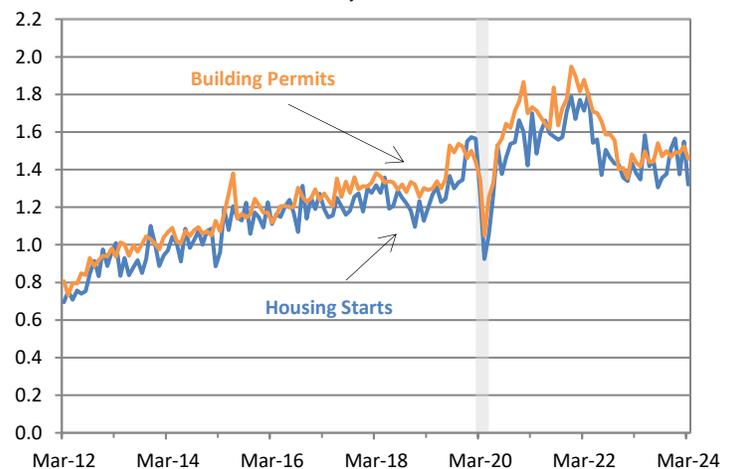
Retail Sales \$ Millions



Industrial Production Index



Total Housing Starts and Permits Million Units, Annualized Rate





Fed Speeches

Governor Michelle W. Bowman addressed participants at the 2024 New York Fed Regional and Community Banking Conference in New York City on April 18. The Governor addressed some areas of concern and changes in supervisory expectations in the banking industry:

"We should acknowledge that changes to supervisory expectations and processes, coupled with the sheer volume of recent regulatory and supervisory reforms and proposed reforms, will undoubtedly present additional challenges and risks for banks. While some changes to the supervisory process and priorities may be appropriate to promote a safe and sound financial system and enhance financial stability, having an appropriate focus on the most salient risks is important for

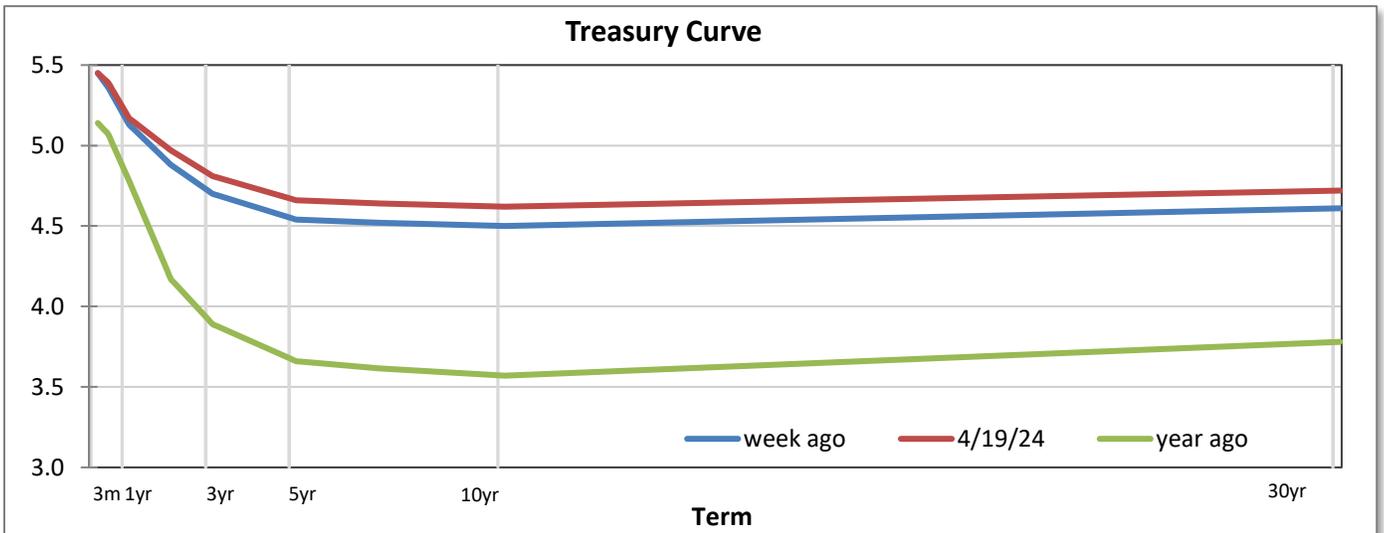
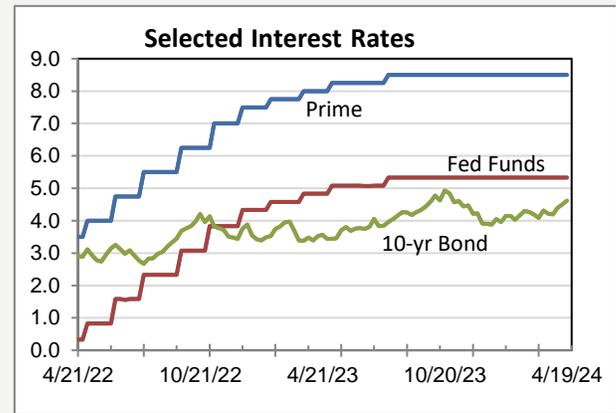
effective risk management and effective supervision."

Governor Bowman also explained some of the steps the Federal Reserve has taken since last year's banking crises:

"Since the banking stress and bank failures last spring, these risks have led to heightened liquidity risks for some firms... Last year, the Federal Reserve Board issued updated guidance noting that depository institutions should regularly evaluate and update their contingency funding plans. All banks should have emergency contingency funding plans in place. Liquidity planning must include access to funding sources that can be utilized when they are most needed, which may include borrowing from the Federal Home Loan Banks or from the discount window."

Financial Markets

Both the S&P 500 and NASDAQ extended last week's losses, dropping 3% and 5.5% respectively. Yields of treasury securities and municipal bonds continued to rise as investors have pulled back on their expectations for interest-rate cuts this year. The 10-year treasury bond advanced 12 basis points (bps). The average 30-year conventional mortgage rate followed suit and jumped 22 bps, finishing at 7.1%. The price of gold rose 2%, beating last week's record high. Crude oil ended the week at \$83.14 per barrel, 2.9% lower than the week before. The U.S. dollar gained ground against the Japanese Yen (0.9%) but retreated 0.1 against the Euro.





Interest Rate Forecast*

The Federal Open Market Committee (FOMC) kept the federal funds rate target at 5.25% to 5.50% during the Fed's March policy meeting. In the statement released following the meeting, the FOMC said, "The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that

inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of

Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously

announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective."

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
2 nd Qtr '24	8.50	5.36	5.36	5.37	4.53	4.21	4.36	6.76
3 rd Qtr	8.25	5.13	5.11	5.20	4.54	4.22	4.36	6.67
4 th Qtr	8.00	4.88	4.86	5.04	4.54	4.22	4.43	6.61
1 st Qtr '25	7.67	4.54	4.52	4.73	4.44	4.24	4.44	6.51
2 nd Qtr	7.33	4.21	4.19	4.37	4.31	4.25	4.46	6.41

March 2024

FINANCIAL MARKET SUMMARY

	As of 4/19/2024	As of 4/12/2024	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	8.50	8.50	0	0	0
Secured Overnight Financing Rate (SOFR)	5.30	5.31	(1)	(1)	(1)
Fed Funds (Wed close)	5.33	5.33	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	5.45	5.45	0	(1)	0
6 Months	5.39	5.36	3	5	18
1 Year	5.17	5.13	4	19	33
2 Years	4.97	4.88	9	38	58
5 Years	4.66	4.54	12	46	58
10 Years	4.62	4.50	12	40	47
30 Years	4.72	4.61	11	33	36
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	3.21	3.16	5	32	38
5-Year Muni	2.74	2.69	5	26	26
10-Year Muni	2.74	2.68	6	26	22
30-Year Muni	3.97	3.90	7	28	34
30-Year Conventional Mortgage	7.10	6.88	22	23	50
MARKET INDICATORS (Changes in %)					
DJIA	37,986.40	37,983.24	0.0	(3.8)	0.3
S&P 500	4,967.23	5,123.41	(3.0)	(5.1)	2.6
NASDAQ	15,282.01	16,175.09	(5.5)	(7.0)	(0.2)
CRB Futures	346.24	345.56	0.2	4.8	13.9
Oil (WTI Crude)	83.14	85.66	(2.9)	2.6	14.3
Gold	2,391.93	2,344.37	2.0	10.4	17.9
Yen / Dollar	154.64	153.23	0.9	3.8	6.7
Dollar / Euro	1.07	1.06	0.1	(1.4)	(2.2)



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