



Summary

Despite inflation concerns and slowing economic growth, strong quarterly earnings fueled market optimism. The Dow Jones Industrial Average gained 0.7%, the S&P 500 advanced 2.7%, and the NASDAQ climbed 4.2%.

The advance estimate of the real GDP growth rate for the first quarter of 2024 came in at 1.6%, short of the 2.4% analysts expected. The PCE Index, the Fed's preferred measure of inflation, grew 0.3% for the month. While this increase was in line with expectations, it represents a departure from the 2023 trend. Year over year, the index is up to 2.7% from 2.5% last month.

Excluding volatile food and energy prices, the index is up 2.8%. The report shows that progress on inflation has stalled and that the Fed may delay rate cuts until the core inflation reading is closer to the 2.0% target. On another note, consumers continued to surprise analysts. Personal spending increased 0.8% for the month, more than personal income (+0.5%), but consumer sentiment inched down in April. This was driven by rising inflation expectations. Durable goods orders received a boost from autos and aircraft. This index increased 2.6% for the month, but only 0.2% when

excluding transportation goods. The economy also received some positive news from the housing market. New home sales checked in at 693,000 seasonally adjusted annual rate, more than expected. The number of pending home sales, a leading indicator of existing home sales, increased 3.4% from February to March. The number of initial jobless claims dropped by 5,000 to 207,000 for the week ending on April 20. As of April 13, there were 1,781,000 individuals receiving unemployment benefits.

ECONOMIC RELEASES

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
New Home Sales (Mar – Tu 10:00)	693 TUAR	670 TUAR	
Durable Orders (Mar – We 8:30)	+2.6%	+1.8%	Excluding transportation: +0.2%
Initial Claims (4/20 – Th 8:30)	207K	215K	
Continuing Claims (4/13 – Th 8:30)	1,781K	NA	
GDP – Adv. (Q1 – Th 8:30)	+1.6%	+ 2.4%	
Pending Home Sales (Mar – Th 10:00)	+3.4%	+1.0%	
Personal Income (Mar – Fr 8:30)	+0.5%	+0.5%	
Personal Spending (Mar – Fr 8:30)	+0.8%	+0.6%	
PCE Prices (Mar – Fr 8:30)	+0.3%	+0.3%	Year-over-year: +2.7%
PCE Prices – Core (Mar – Fr 8:30)	+0.3%	+0.3%	Year-over-year: +2.8%
U. Michigan Consumer Sentiment (Apr – Fr 10 :00)	77.2	77.9	

Next Week: Indicator	Consensus Expectation*	Prior	Comment
Consumer Confidence (Apr – Tu 10:00)	104.0	104.7	
ISM Manufacturing Index (Apr – We 10:00)	50.0%	50.3%	
JOLTS – Job Openings (Mar – We 10:00)	NA	8.756 Mil.	
Construction Spending (Mar – We 10:00)	-0.3%	-0.3%	
FOMC Rate Decision (Apr – We 2:00)	5.25-5.50%	5.25-5.50%	
Initial Claims (4/27 – Th 8:30)	213K	207K	
Continuing Claims (4/20 – Th 8:30)	NA	1,781K	
Trade Balance (Mar – Th 8:30)	-\$69.0 Bil.	-\$68.9 Bil.	
Factory Orders (Mar – Th 10:00)	+1.6%	+1.4%	
Nonfarm Payrolls (Apr – Fr 8:30)	+250K	+303K	
Nonfarm Private Payrolls (Apr – Fr 8:30)	+175K	+232K	
Avg. Hourly Earnings (Apr – Fr 8:30)	+0.3%	+0.3%	
Unemployment Rate (Apr – Fr 8:30)	3.8%	3.8%	
Average Workweek (Apr – Fr 8:30)	34.4	34.4	
ISM Non-Manufacturing PMI (Apr – Fr 10:00)	51.8%	51.4%	

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



Economic Review

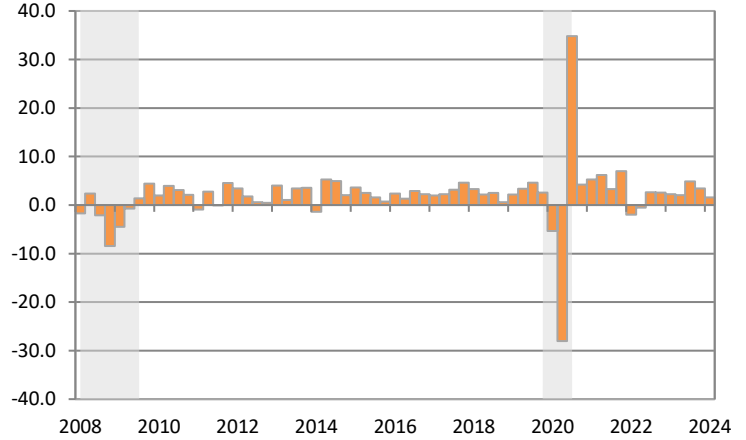
The U.S. economy expanded in the fourth quarter from January through March. According to the Commerce Department's advance estimate, real GROSS DOMESTIC PRODUCT (GDP) increased 1.6% at an annualized pace in the 1st quarter after rising 3.1% in the 4th quarter. Adding 1.68 percentage points to total growth, personal consumer expenditures advanced at a 2.5% annual rate in the 1st quarter compared with a 3.4% increase in the 4th quarter. Gross private domestic investment climbed an annualized 3.2% in the 1st quarter. Adding 0.86 percentage points to growth, exports expanded by 0.9% in the 1st quarter, compared to a 5.1% increase in the 4th quarter. Imports surged by 7.2%, up from a 2.2% rise in the 4th quarter. Government spending rose at a 1.2% annual rate and contributed 0.21 percentage points to growth last quarter. Real final sales were up an annualized 2.0%. The GDP PRICE INDEX climbed 3.1% in the 1st quarter after rising 1.6% in the 4th quarter.

NEW HOME SALES, which are counted at contract signing, jumped 8.8% in March to 693,000 units sold at a seasonally adjusted annual rate. The March results are up 8.3% from a year ago. The median sales price for a new home in December was \$430,700 (a 1.9% decrease from a year earlier) and the

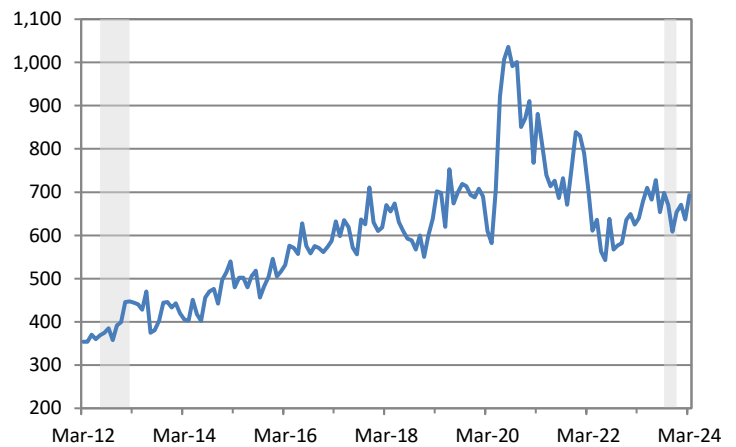
average sales price was \$524,800. At the March rate, there was an 8.3-month supply of new homes for sale. This is up from 8.1 months in March 2023 and is still too high to be considered a rate that is more closely associated with a balanced housing market. The Northeast region saw a 27.8% increase in new home sales from February, and sales rose 5.3%, 7.7%, and 8.6% in the Midwest, South, and West regions, respectively. The increases in new home sales across all regions was partially influenced by a decline in the median sales price. However, average prices rose due to increased sales of higher-priced homes, notably in the Western region.

PERSONAL INCOME increased 0.5% in March and PERSONAL SPENDING rose 0.8%. Wages and salaries jumped 0.7% month-over-month for the second straight month. Rental income was up (+1.6%)— as was personal interest income (+0.3), while personal dividend income was down (-0.2%) for the month. The personal saving rate fell to 3.2%, down 0.4 percentage points from February and 2 percentage points from a year ago. After adjusting for inflation, real disposable personal income rose 0.2% month-over-month and was up 1.4% year-over-year.

Real Gross Domestic Product Quarterly Annualized Percent Change



New Home Sales Thousands



Personal Income and Consumption Percent Change, Year-Over-Year





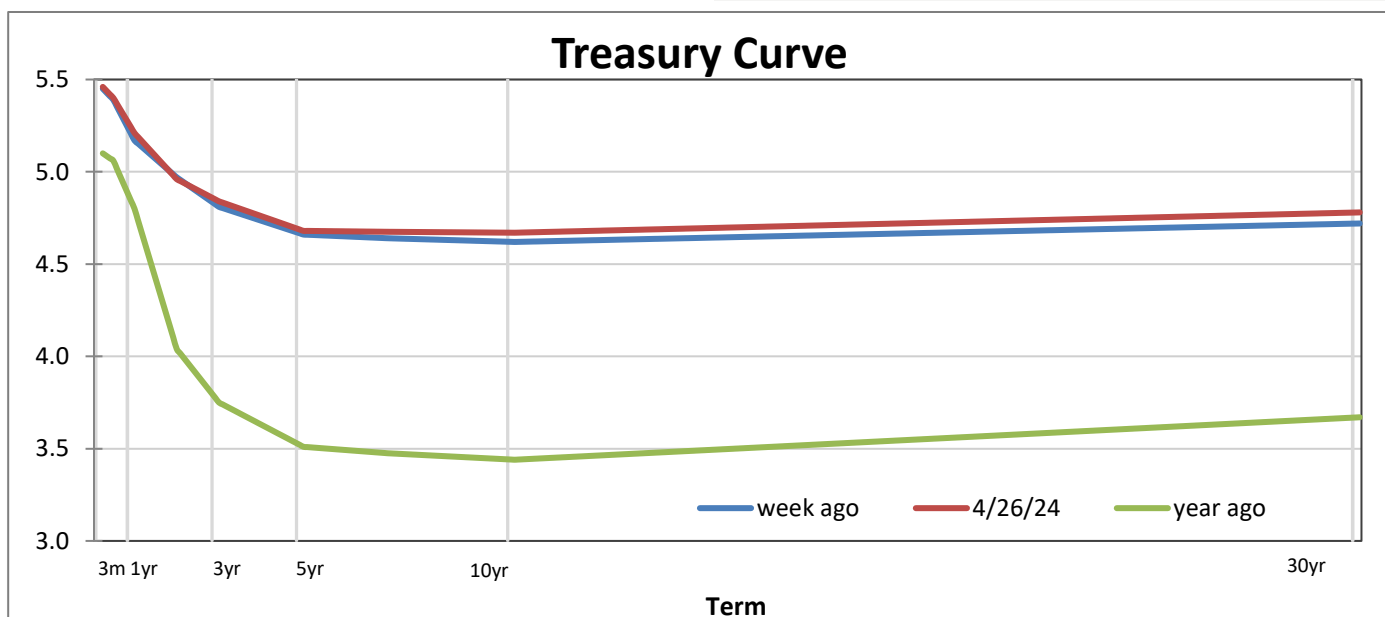
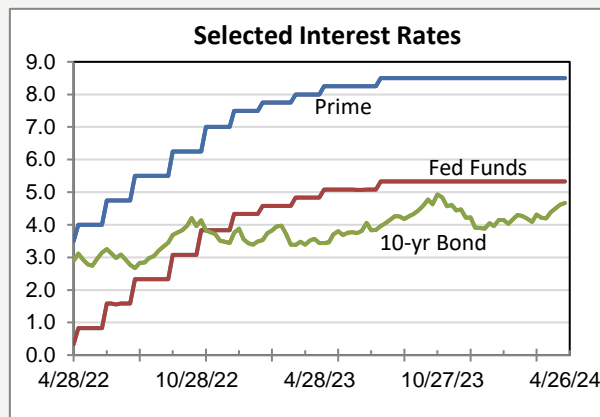
Fed Speeches

There were no speeches, testimony, or interviews by Federal Reserve officials last week relevant to monetary policy.

This is due to the Federal Open Market Committee meeting this week.

Financial Markets

Last week the U.S. stock market recovered some of the losses from recent weeks, with the Dow Jones Industrial Average advancing 0.7%, the S&P 500 gaining 2.7%, and NASDAQ soaring 4.2%. Yields of treasury securities and municipal bonds changed little. The 10-year treasury bond advanced 5 basis points (bps). The average 30-year conventional mortgage rate followed suit and jumped 7 bps, finishing at 7.17%. The price of gold dropped 2.2%, the first time in 5 weeks. Crude oil rose 0.6% ending the week at \$83.67 per barrel. In the forex market, the greenback gained ground against the Japanese Yen (2.1%) but retreated 0.4% 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	5.34	5.34	5.35	4.84	4.58	4.66	6.92
3 rd Qtr	8.50	5.38	5.36	5.38	4.79	4.46	4.57	6.81
4 th Qtr	8.34	5.21	5.19	5.27	4.76	4.33	4.48	6.70
1 st Qtr '25	8.00	4.88	4.86	4.97	4.67	4.32	4.50	6.61
2 nd Qtr	7.67	4.54	4.52	4.62	4.55	4.33	4.52	6.51

April 2024

FINANCIAL MARKET SUMMARY

	As of 4/26/2024	As of 4/19/2024	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)	5.31	5.30	1	(2)	(1)
Fed Funds (Wed close)	5.33	5.33	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	5.46	5.45	1	0	2
6 Months	5.40	5.39	1	2	21
1 Year	5.21	5.17	4	18	43
2 Years	4.96	4.97	(1)	37	62
5 Years	4.68	4.66	2	47	64
10 Years	4.67	4.62	5	47	52
30 Years	4.78	4.72	6	44	40
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	3.27	3.21	6	28	43
5-Year Muni	2.81	2.74	7	29	31
10-Year Muni	2.80	2.74	6	28	25
30-Year Muni	4.02	3.97	5	29	33
30-Year Conventional Mortgage	7.17	7.10	7	38	48
MARKET INDICATORS (Changes in %)					
DJIA	38,239.66	37,986.40	0.7	(3.9)	0.3
S&P 500	5,099.96	4,967.23	2.7	(2.9)	4.3
NASDAQ	15,927.90	15,282.01	4.2	(2.8)	3.1
CRB Futures	345.07	346.24	(0.3)	2.7	10.0
Oil (WTI Crude)	83.67	83.14	0.6	3.4	13.4
Gold	2,338.26	2,391.93	(2.2)	4.9	15.8
Yen / Dollar	157.90	154.64	2.1	4.3	6.6
Dollar / Euro	1.07	1.07	0.4	(0.9)	(1.5)



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