

Global Markets Trade Higher After April Sell-Off

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Monthly Market Summary

- The S&P 500 Index gained +5.1%, slightly outperforming the Russell 2000 Index's +5.0% return. Ten of the eleven S&P 500 sectors traded higher, led by Utilities.
- Corporate investment-grade bonds produced a +2.2% total return as Treasury yields fell, outperforming the corporate high-yield bond index's +1.6% total return.
- International stock performance was varied. The MSCI EAFE developed market stock index returned +5.1%, while the MSCI Emerging Market Index returned +2.0%.

Stocks and Bonds Rebound in May Driven by Mega-Cap Technology

The S&P 500 set a new all-time high in May after trading lower in April. The technology-heavy Nasdaq 100 Index gained +6.2% and set a new all-time high, with mega-cap stocks like Nvidia, Apple, Microsoft, and Facebook-parent Meta leading the recovery. Notably, smaller companies also participated in the rally, with the Russell 2000 Index now showing positive YTD returns. In the credit market, Treasury yields reversed a portion of their April rise. The U.S. Bond Aggregate Index, which tracks a wide range of investment grade bonds, gained +1.7% as yields fell. What caused stocks and bonds to rebound after the April sell-off? The answer: *Labor market and inflation data*.

Shifting Economic Data Has Increased Market Volatility in 2Q 2024

The economy and Federal Reserve policy are in focus today. Investors are analyzing every new data point to extrapolate the trend. Labor market and inflation data are considered most relevant because the Fed aims for maximum employment and stable prices. Softer labor market data and lower inflation are viewed as pulling forward rate cuts, while stronger labor market data and higher inflation delay the expected timing of rate cuts.

In early April, the Labor Department reported that the U.S. added 315,000 jobs in March, causing unemployment to fall to 3.8%. A few weeks later, data showed Core CPI, which measures inflation excluding energy and food, held steady at 3.8% year-over-year. The combination of lower unemployment and unchanged inflation signaled a strong labor market and sticky inflation, leading investors to lower interest rate cut expectations.

In May, the latest labor market and inflation data signaled the opposite. The U.S. added 175,000 jobs, the slowest pace since October 2023, and unemployment rose to 3.9%. Inflation data revealed that Core CPI fell to 3.6% year-over-year, the lowest reading since April 2021. These data points marked a shift from the previous month, signaling a softer labor market and easing inflation. After lowering rate cut expectations in April, the market increased them in May. Treasury yields declined, and stocks traded higher.

As April and May showed, monthly economic data can be noisy. It can signal a strong trend one month and then the opposite trend the next month, causing investors to abruptly shift their views. This market volatility could continue over the summer until there is more certainty around Federal Reserve policy, inflation, and economic growth.

THIS MONTH IN NUMBERS

FIGURE 1

U.S. Style Returns (May in %)

	Value	Blend	Growth
Large	3.3	5.1	6.0
Mid	3.6	2.9	1.1
Small	4.6	5.0	5.3

Data Reflects Most Recently Available As of 5/31/2024

FIGURE 3

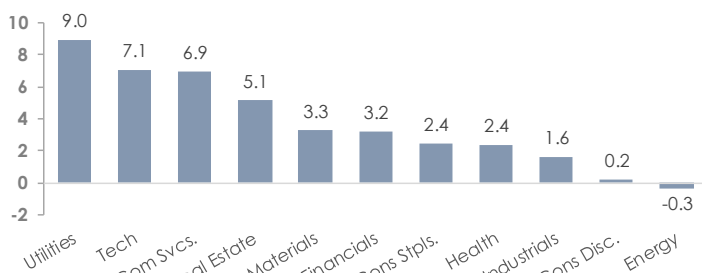
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	7.7	11.3	13.1
Mid	6.3	5.7	4.1
Small	0.7	2.8	4.7

Data Reflects Most Recently Available As of 5/31/2024

FIGURE 2

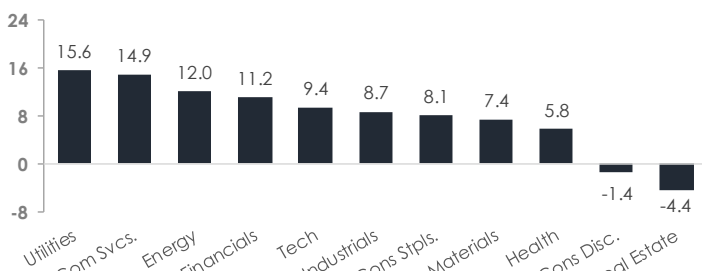
U.S. Sector Returns (May in %)



Data Reflects Most Recently Available As of 5/31/2024

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 5/31/2024

FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	5.1%	4.1%	16.3%	11.3%	27.8%	30.1%
Dow Jones	2.6%	-0.2%	8.6%	3.5%	19.7%	17.7%
Russell 2000	5.0%	1.3%	15.2%	2.8%	19.9%	-5.4%
Russell 1000 Growth	6.0%	3.5%	18.0%	13.1%	33.2%	35.8%
Russell 1000 Value	3.3%	3.9%	13.6%	7.7%	21.5%	15.8%
MSCI EAFE	5.1%	5.1%	13.4%	7.7%	18.0%	8.6%
MSCI EM	2.0%	4.5%	7.5%	3.9%	12.2%	-18.4%
NASDAQ 100	6.2%	2.8%	16.3%	10.2%	30.3%	36.9%

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	5.10%	1.7%	0.0%	-1.6%	1.3%	-8.9%
U.S. Corporates	5.60%	2.2%	0.4%	-2.0%	3.6%	-10.1%
Municipal Bonds	4.22%	-0.3%	-1.3%	-1.5%	2.2%	-3.2%
High Yield Bonds	8.18%	1.6%	1.3%	1.8%	10.3%	2.5%

Key Rates	5/31/2024	4/30/2024	2/29/2024	11/30/2023	5/31/2023	5/31/2021
2 yr Treasury	4.87%	5.03%	4.63%	4.71%	4.39%	0.14%
10 yr Treasury	4.49%	4.68%	4.24%	4.36%	3.64%	1.58%
30 yr Treasury	4.63%	4.79%	4.36%	4.51%	3.86%	2.26%
30 yr Mortgage	7.35%	7.55%	7.30%	7.57%	7.08%	3.10%
Prime Rate	8.50%	8.50%	8.50%	8.50%	8.25%	3.25%

Data Reflects Most Recently Available As of 5/31/2024

	Dividend Yield	NTM P/E	P/B
S&P 500	1.27%	20.3x	4.5x
Dow Jones	1.74%	17.5x	4.8x
Russell 2000	1.26%	22.4x	1.9x
Russell 1000 Growth	0.52%	27.0x	11.7x
Russell 1000 Value	1.89%	15.6x	2.4x
MSCI EAFE	2.76%	14.0x	1.8x
MSCI EM	2.53%	12.0x	1.6x
NASDAQ 100	0.54%	25.7x	7.3x

Commodities	Level	1 month	YTD
Oil (WTI)	76.99	-6.0%	7.5%
Gasoline	2.37	-6.4%	15.1%
Natural Gas	2.59	29.9%	11.2%
Propane	0.71	-11.6%	6.1%
Ethanol	1.64	6.2%	1.2%
Gold	2,346	1.9%	13.2%
Silver	30.44	14.2%	26.4%
Copper	4.61	1.0%	18.8%
Steel	761	-6.4%	-33.0%
Corn	4.46	-0.1%	-5.3%
Soybeans	12.08	4.2%	-6.3%

Firm Disclosures

Past performance does not guarantee future results. The performance information shown herein is based on total returns with dividends reinvested and does not reflect the deduction of advisory and/or other fees normally incurred in the management of a portfolio.

Stock performance and fundamental data is based on the following instruments: SPDR S&P 500 ETF (SPY), SPDR Dow Jones ETF (DIA), iShares Russell 2000 ETF (IWM), iShares Russell 1000 Growth ETF (IWF), iShares Russell 1000 Value ETF (IWD), iShares MSCI EAFE ETF (EFA), iShares MSCI Emerging Markets ETF (EEM), Invesco QQQ Trust (QQQ).

Fixed Income performance is based on the following instruments: iShares Core U.S. Aggregate Bond ETF (AGG), iShares Investment Grade Corporate ETF (LQD), iShares National Muni Bond ETF (MUB), iShares High Yield Corporate ETF (HYG).

Fixed Income yields and key rates are based on the following instruments: Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US Municipal Securities, ICE BofA US High Yield, 2 Year US Benchmark Bond, 10 Year US Benchmark Bond, 30 Year US Benchmark Bond, 30 Year US Fixed Mortgage Rate, US Prime Rate.

Commodity prices are based on the following instruments: Crude Oil WTI (NYM \$/bbl), Gasoline Regular U.S. Gulf Coast (\$/gal), Natural Gas (NYM \$/mmbtu), Propane (NYM \$/gal), Ethanol (CRB \$/gallon), Gold (NYM \$/ozt), Silver (NYM \$/ozt), Copper NYMEX (\$/lb), U.S. Midwest Domestic Hot-Rolled Coil Steel (NYM \$/st), Corn (CBT \$/bu), Soybeans (Chicago \$/bu).

U.S. Style performance is based on the following instruments: iShares Russell 1000 Value ETF (IWD), SPDR S&P 500 ETF Trust (SPY), iShares Russell 1000 Growth ETF (IWF), iShares Russell Mid-Cap Value ETF (IWS), iShares Russell Midcap ETF (IWR), iShares Russell Mid-Cap Growth ETF (IWP), iShares Russell 2000 Value ETF (IWN), iShares Russell 2000 ETF (IWM), iShares Russell 2000 Growth ETF (IWO).

U.S. Sector performance is based on the following instruments: Consumer Discretionary Sector SPDR ETF (XLY), Consumer Staples Sector SPDR ETF (XLP), Energy Sector SPDR ETF (XLE), Financial Sector SPDR ETF (XLF), Health Care Sector SPDR ETF (XLV), Industrial Sector SPDR ETF (XLI), Materials Sector SPDR ETF (XLB), Technology Sector SPDR ETF (XLK), Communication Services Sector SPDR ETF (XLC), Utilities Sector SPDR ETF (XLU), Real Estate Sector SPDR ETF (XLRE).