WEEKLY MARKET UPDATE | MAY 10, 2024

# Signs of “life in the slow lane” boosts stocks.

**The economy**

- U.S. stocks posted gains during the week ending May 10. The market was bolstered by a rise in unemployment insurance claims, which portended slower economic growth and rekindled optimism that the Federal Reserve (Fed) could pivot to interest-rate cuts sooner than expected. Investors also were encouraged by generally positive corporate earnings.
- The Department of Labor reported that initial unemployment insurance claims, a barometer of the health of the labor market, climbed 22,000 to 231,000 during the week ending May 4. The total represented an increase from the 225,000 claims filed during the same week in 2023. The four-week moving average of initial claims rose 4,750 week-over-week to 215,000, but was down 3,000 from the four-week average of 218,000 a year earlier.
- There was some notable news during the week concerning the U.S. housing market. The Mortgage Bankers Association (MBA) announced that mortgage applications in the U.S. increased 2.6% during the week ending May 3, compared to the previous seven-day period. The MBA’s Refinance Index advanced 5.5% for the week, but fell 6.0% over the previous 12-month period. The Purchase Index rose 2.2% for the week, but plunged 17.0% year-over-year.
- According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage declined 13 basis points (0.13%) to a four-week low of 7.09% during the week ending May 9. The rate remained well above the low of 2.65% reached in early January 2021. In its statement announcing the mortgage rate news, Freddie Mac commented, “Many potential sellers remain hesitant to list their home and part with lower mortgage rates from years prior, adversely impacting supply and keeping house prices elevated. These elevated house prices add to the overall affordability challenges that potential buyers face in this high-rate environment.”
- The Fed reported that U.S. household debt grew 3.2% during the first quarter of this year—down from the 4.0% rise in the first quarter of 2023, but higher than the 2.4% increase in the fourth quarter of last year. Revolving credit, which includes credit cards, rose 5.7% for the first quarter. However, revolving credit balances ticked up at a smaller-than-expected rate of 0.1% in March. Student loan balances rose 1.4% to $1.8 trillion over the quarter. A slowdown in consumer credit growth could result in fewer delinquencies in credit payments and personal bankruptcy filings should the U.S. economy slip into recession.
- According to the Department of Commerce, wholesale inventories—the value of all merchant wholesalers' inventories and a leading indicator of consumer trends—dipped 0.4% in March (the most recent reporting period), down sharply from the 0.2% rise in February. Wholesale inventories decreased 2.3% over the previous 12-month period, compared to a year-over-year decline of 1.5% in February.

**Stocks**

- Global equities finished in positive territory during the week. Developed markets outperformed emerging markets.
- U.S. stocks gained ground for the week. Utilities and financials were the top-performing sectors, while consumer discretionary and energy lagged. Value stocks led growth, while large caps outperformed small caps.

**Bonds**

- The 10-year U.S. Treasury note yield dipped to 4.50% during the week.
- Global bond markets eked out a gain for the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

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| The Numbers as of May 10, 2024 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | 1.3% | 7.2% | 19.8% | 779.6 |
| MSCI EAFE ($) | 1.0% | 4.3% | 9.5% | 2332.0 |
| MSCI Emerging Mkts ($) | 0.2% | 3.9% | 8.8% | 1063.5 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | 2.2% | 4.8% | 18.6% | 39512.8 |
| S&P 500 ($) | 1.9% | 9.5% | 26.4% | 5222.7 |
| NASDAQ ($) | 1.1% | 8.9% | 32.5% | 16340.9 |
| S&P/ TSX Composite (C$) | 1.6% | 6.4% | 9.3% | 22308.9 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 2.6% | 8.4% | 8.8% | 4586.3 |
| MSCI Europe ex UK (€) | 2.5% | 9.0% | 11.9% | 1835.3 |
| **Asian Equities** | | | | |
| Topix (¥) | 0.0% | 15.3% | 31.0% | 2728.2 |
| Hong Kong Hang Seng ($) | 2.6% | 11.2% | -4.0% | 18963.7 |
| MSCI Asia Pac. Ex-Japan ($) | 0.3% | 3.9% | 6.8% | 549.3 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | -0.1% | -6.6% | 8.4% | 2485.8 |
| Mexican Bolsa (peso) | 1.0% | 0.5% | 4.9% | 57699.5 |
| Brazilian Bovespa (real) | -0.7% | -4.9% | 17.9% | 127629.6 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | 1.5% | 10.6% | 11.8% | 79.3 |
| Gold Spot Price | 3.0% | 14.6% | 17.5% | 2368.3 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | 0.1% | -3.2% | -1.4% | 456.1 |
| JPMorgan Emerging Mkt Bond | 0.6% | 1.0% | 8.2% | 857.2 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | -1 | 62 | 111 | 4.50% |
| UK Gilt | -6 | 64 | 46 | 4.16% |
| German Bund | 2 | 50 | 29 | 2.52% |
| Japan Govt Bond | 1 | 30 | 51 | 0.91% |
| Canada Govt Bond | 5 | 59 | 87 | 3.70% |
| **Currency Returns**** | | | | |
| US$ per euro | 0.1% | -2.4% | -1.3% | 1.077 |
| Yen per US$ | 1.8% | 10.4% | 15.8% | 155.77 |
| US$ per £ | -0.1% | -1.6% | 0.1% | 1.253 |
| C$ per US$ | -0.1% | 3.2% | 1.3% | 1.367 |

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

# Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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