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ECONOMIC REVIEW¹

- The jobs report for April was issued on Friday and showed signs that labor market growth is slowing.
- One of the most important figures, non-farm payrolls, measures the number of jobs added to the economy.
 - That number grew by 175,000 in April, which is a slowdown from March's 315,000 figure.
 - This marks the 40th consecutive month of job creation in the economy as the recovery from the pandemic and a demographic shift required more workers.
- The unemployment rate rose to 3.9%, from the previous 3.8%.
 - An unemployment reading under 4% is a strong indicator of economic health, and the rise in the unemployment rate could signify a movement toward normalization.
- Another key metric, the Job Openings and Labor Turnover Survey (JOLTS) report, showed that the U.S. economy saw the number of available job openings shrink by 325,000.
 - The number of people who voluntarily quit their jobs also shrank by 198,000 to a level of 3.329 million.
 - Fewer people quitting their jobs implies that workers are less confident in their ability to readily get a second job or get a raise by switching jobs.
- The Federal Reserve also met and decided to hold interest rates steady at their current level of 5.25% - 5.50%.
 - This decision was largely predicted by markets, but both the statement and Q&A session delivered by Fed Chair Jerome Powell were considered "dovish," meaning he spoke positively about the economy and path of interest rates.

How does labor data impact you?

- This was the jobs report financial markets wanted to see. The economy showed that the labor market is still growing from a hiring perspective, but the growth is starting to taper.
 - For the economy to achieve a soft landing, in which inflation falls, and a recession is avoided, this is the kind of employment data that is required.
 - Labor data that is too strong suggests the economy is growing at a rapid pace, and the resulting strength will likely contribute to inflation. A reading too small would suggest that economic weakness would be inbound. This data will be closely monitored by the Fed to decide the path of interest rates.



A LOOK FORWARD¹

- The University of Michigan Consumer Sentiment reading is slated to come out on Thursday. Not only does this provide a check into the feelings of the general population about the economy, but it also contains a reading on inflation expectations.

How does consumer sentiment impact you?

- The inflation expectations sub-index is important for the Fed to monitor. Keeping expectations for prices in check is one of the ways the Fed can get a handle on inflation before it rises to levels seen in the past few years.



MARKET UPDATE²

Market Index Returns as of 5/03/2024	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.56%	-2.32%	7.99%	28.23%	8.86%	13.60%
NASDAQ	1.44%	-1.33%	7.85%	36.08%	6.65%	15.59%
Dow Jones Industrial Average	1.14%	-2.76%	3.21%	19.20%	6.39%	10.18%
Russell Mid-Cap	0.37%	-4.00%	4.25%	21.65%	3.06%	9.35%
Russell 2000 (Small Cap)	1.71%	-4.11%	0.85%	20.28%	-1.91%	6.18%
MSCI EAFE (International)	1.63%	-1.27%	4.44%	11.32%	3.49%	6.47%
MSCI Emerging Markets	2.03%	2.02%	4.43%	11.64%	-4.90%	2.13%
Bloomberg US Agg Bond	1.17%	-1.29%	-2.06%	-0.48%	-3.18%	0.11%
Bloomberg High Yield Corp	1.06%	0.00%	1.47%	10.84%	1.81%	3.91%
Bloomberg Global Agg	1.29%	-1.27%	-3.33%	-1.64%	-5.58%	-1.35%



OBSERVATIONS

- On the back of a dovish Fed and a Goldilocks job reading, markets rose broadly.
 - The NASDAQ finished up 1.44%, beating the S&P 500 and Dow which rose 0.56%, and 1.14%, respectively.
 - Mid-cap stocks rose 0.37%, but small caps roared back, rising 1.71% on the week, erasing negative year-to-date returns.
- Both International and Emerging Markets finished the week with strong performances, rising 1.63% and 2.03%, respectively.
- Fixed income also had a strong week as rates fell across the yield curve.
 - The U.S. and global aggregate benchmark, as well as the high yield index, rose over 1%, a reversal in what has been a lackluster year for fixed income.



BY THE NUMBERS

Marjorie Taylor Greene Announced a Bid to Oust House Speaker Johnson: The announcement came after the current House Speaker Mike Johnson levied bipartisan support to pass an encompassing aid bill for Ukraine, Israel, and Taiwan that some Republicans from the Freedom Caucus say only contributed to the rising deficit and did not put the needs of America first. This would mark the second time a House Speaker has been ousted by their own party in a matter of months, with Kevin McCarthy being removed and Mike Johnson replacing him. This is possible because of the slim majority Republicans hold. With the party split being 217-212 in favor of Republicans, it only takes a few dissident voices (assuming all Democrats vote to remove) to oust a sitting speaker. The votes required to remove the title may be difficult to come by with the potential for either Democratic support or a lack of Republican dissidents, with many still pondering who would take the position given how long the process was to instate Johnson after McCarthy's departure.³

The NBA is Undergoing a Change of the Guard: For the first time since 2005, neither Kevin Durant, Steph Curry, or LeBron James – whose ages sum to 111 years old – will be playing in a conference semifinal, and for only the second time since 2011 none of the three will be playing in the conference finals. The trio has largely defined much of the 21st century, becoming household names and helping to shape the sport. The rest of the playoffs, however, will be played without them as new faces like Anthony Edwards, Shai Gilgeous-Alexander, and Jamal Murray take center stage. The new names also give weight to the idea that strong, competitive teams are not constructed around one or two superstars but rather continuity, patience, and assembling quality draft picks. Although the three will not be winning an NBA championship this year, they are set to represent Team USA in France this summer at the 2024 Olympics, where they will have a shot to bring home a gold.⁴

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

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¹ Data obtained from Bloomberg as of 5/3/2024.

² Data obtained from Morningstar as of 5/3/2024.

³ [Greene says she will force vote next week on ousting speaker \(msn.com\)](#)

⁴ [As Steph-LeBron-K.D. era ends, Warriors still better off than Lakers or Suns \(msn.com\)](#)

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