Market Commentary

March 2024

- Markets continued to rally in March, with the S&P marking its fifth consecutive month of positive returns.
- After another month of increasing consumer and producer prices, the markets are beginning to question the Fed's current outlined path towards cutting rates.
- The second quarter may bring some bumpiness to the markets, however, consider them to be opportunities to diversify your holdings.

MARKET RETURNS AS OF MARCH 31, 2024[1]

	March %	YTD %	1 Year %	3 Year %	5 Year %	10 Year %
S&P 500 TR	3.22	10.56	32.53	11.51	15.04	13.05
DJ Industrial Average TR	2.21	6.14	24.25	8.45	11.30	11.85
NASDAQ Composite TR	1.85	9.31	38.45	8.69	17.18	15.85
Russell 2000 TR	3.58	5.18	21.87	0.85	8.10	7.77
MSCI EM GR	2.52	2.44	9.76	-4.51	2.61	3.43
MSCI EAFE GR	3.40	5.93	17.97	5.23	7.85	5.37
Bloomberg US Agg Bond TR	0.92	-0.78	2.36	-2.43	0.36	1.54

MARKETS

Stocks gained during the month, with energy and utilities leading sector performance. The S&P 500 TR Index rose 3.22%, the Nasdaq Composite TR Index increased 1.85%, and the Dow Jones Industrial Average TR Index was up 2.21%. Once again, market returns started to broaden out, with all S&P 500 TR Index equity sectors delivering positive returns aside from consumer discretionary. Small cap stocks continued to outperform, with the Russell 2000 TR Index rallying 3.58%. Bonds eked out a positive gain for the month, generating a return of 0.92%.

Rising geopolitical tensions are the main cause of rising energy and utility prices. An expanding Ukrainian drone campaign has hammered key refineries in Russia. To make matters worse, the Russian government decided to cut oil production, ordering companies to reduce their oil supply to a target of 9 million barrels per day by the end of June to keep a pledge made to the OPEC cartel and its allies.

For the quarter, the S&P 500 TR Index finished with the most record closes in a first quarter since the first three months of 1998, according to Dow Jones Market Data. According to Jeffries, when the S&P 500 TR Index returns more than 10% in the first quarter, the second quarter return is projected to be 3.3% and the index rises 78% of the time on average.

THE FED AND RATES

Throughout the month of March, the 10 Year Treasury yield increased 11 bps from 4.21% to 4.32% notwithstanding expectations that the Fed will begin cutting rates later in 2024. At its March meeting, the Federal Reserve left its key interest rate unchanged and stuck to its forecast of three rate cuts this year despite signs that inflation may stay elevated longer.

The Federal Reserve's preferred inflation measure showed that prices rose as expected in February, putting a spotlight on whether price growth will be cool enough this spring to justify an interest rate cut by midyear.

NOW WHAT?

Persistent inflation could lead to some volatility over the next few months. Now may be a good time to:

- **Put investable cash to work:** If you've been sitting on the sidelines because you feel like you missed the ride, now may be a good time to put a plan together for putting that money to work in 2024.
- **Consider taking advantage of pullbacks.** The market continues to make new all-time highs and while signs of market pullbacks can be unnerving, they can often present opportunities to investors during a bull market.
- **Get ahead of the tax season crunch.** You have until tax-day to make IRA contributions for the prior year. For 2023, you can contribute up to $6,500, or $7,500 if you're age 50 or older by the end of the year, or your taxable compensation for the year. If you already checked that box, you could make contributions toward your 2024 tax year limit of $7,000 until Tax Day in 2025.

creativeOne WEALTH

DirectWealth ADVISORS

FOOTNOTES:

Past performance is no guarantee of future returns.

The graphs and charts in this commentary are for illustrative purposes only and not indicative of any actual investment. Index returns do not reflect any fees, expenses, or sales charges. Stocks are not guaranteed and have been more volatile than other asset classes. Historical returns were the result of certain market factors and events which may not be repeated in the future. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgement in determining whether investments are appropriate for clients.

The information here is not intended to constitute an investment recommendation or advice.

Sources:

1. Data from Morningstar. Returns over one year are annualized.

Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations for the respective strategies are shown gross of fees. If fees were included returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index.

This material has been prepared for information and educational purposes and should not be construed as a solicitation for the purchase or sell of any investment. The content is developed from sources believed to be reliable. This information is not intended to be investment, legal or tax advice. Investing involves risk, including the loss of principal. No investment strategy can guarantee a profit or protect against loss in a period of declining values.

6330 Sprint Parkway, Suite 400, Overland Park, KS 66211