

Open-End Net Fund Flows (\$)	2/24	1/24	YTD (Feb)
Equity	-31.7B	-44.9B	-76.6B
Taxable Bond	34.8B	26.5B	61.2B
Municipal Bond	2.9B	6.2B	9.1B
Hybrid	-8.9B	-8.3B	-17.2B
Taxable Money Market	38.4B	66.4B	104.8B

Key Interest Rates/Yields	3/28/24	2/29/24	3/31/23
Federal Funds Target Rate	5.50%	5.50%	5.00%
2-Year T-Note	4.62%	4.62%	4.03%
5-Year T-Note	4.21%	4.25%	3.58%
10-Year T-Note	4.20%	4.25%	3.47%
Bond Buyer 40	4.38%	4.36%	4.40%

Commodities/U.S. Dollar	3/24	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.32%	3.11%	1.93%
FTSE/Core CRB Excess Ret.	5.53%	10.03%	8.43%
Crude Oil/WTI (per Barrel)	6.27%	16.08%	9.91%
Natural Gas (per million BTUs)	-5.22%	-29.87%	-20.44%
Gold Bullion (Ounce)	7.92%	7.03%	12.62%

Total Return Performance

U.S. Stock Indices	3/24	YTD	12 Mo.
S&P 500	3.22%	10.55%	29.86%
DJIA	2.21%	6.14%	22.18%
Nasdaq 100	1.23%	8.72%	39.65%
S&P MidCap 400	5.60%	9.94%	23.29%
Russell 2000	3.58%	5.17%	19.66%
Russell 3000	3.23%	10.02%	29.28%

U.S. Styles/Market Caps	3/24	YTD	12 Mo.
S&P 500 Growth	2.13%	12.75%	33.72%
S&P 500 Value	4.55%	8.05%	25.56%
S&P MidCap 400 Growth	5.75%	15.60%	29.26%
S&P MidCap 400 Value	5.40%	4.10%	17.16%
Russell 2000 Growth	2.79%	7.58%	20.31%
Russell 2000 Value	4.38%	2.90%	18.69%

Foreign Stock Indices (USD)	3/24	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	3.27%	5.49%	15.18%
MSCI Emerging Markets NET	2.20%	2.09%	7.86%
MSCI Europe NET	3.74%	5.23%	14.11%
MSCI BRIC NET	0.53%	-0.04%	1.06%
MSCI EM Latin America NET	1.05%	-3.96%	22.64%
Nikkei 225	2.22%	12.40%	27.84%

Bloomberg Fixed Income Ind.	3/24	YTD	12 Mo.
U.S. Treasury: Intermediate	0.49%	-0.36%	1.85%
GNMA 30 Year	1.06%	-1.06%	2.22%
Municipal Bond (22+)	-0.01%	-0.75%	4.46%
U.S. Aggregate	0.92%	-0.78%	2.37%
Intermediate Corporate	0.96%	0.26%	5.64%
U.S. Corporate High Yield	1.18%	1.47%	13.13%
Global Aggregate	0.56%	-2.07%	0.72%
EM Hard Currency Aggregate	1.65%	1.32%	9.53%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

In a widely anticipated move, the Bank of Japan (BOJ) announced that it would raise its policy interest rate from -0.1% to a range between 0.0% and 0.1% in March 2024. The move represented the first time the BOJ raised its policy rate in nearly 17 years and marked an end to the country's nearly eight-year experiment with negative interest rates. The balance of global negative-yielding debt has plummeted as central banks around the world continue to grapple with elevated inflation. Total global negative-yielding debt stood at \$0.68 trillion at the end of March 2024, down from its all-time high of \$18.38 trillion set on 12/11/20. In the U.S., inflation, as measured by the 12-month trailing rate on the Consumer Price Index (CPI) stood at 3.2% on 2/29/24, down from its most-recent high of 9.1% set in June 2022, but higher than the Federal Reserve's ("Fed") goal of 2.0%. The same is true for many advanced economies. Despite recent disinflation, headline inflation remains above the target rate in nine of the 11 countries that form the so-called "Group of 10" (G-10), causing conjecture regarding the timing of rate cuts among the world's central banks. On March 22, 2024, the Swiss National Bank became the first member of the G-10 to announce interest rate cuts. In the U.S., the Fed's December statement revealed that it was likely to implement three rate cuts totaling 75 basis points (bps) in 2024.

Stock Market

The S&P 500 Index ("Index") stood at an all-time high of 5,254.35 on 3/28/24, according to data from Bloomberg. The S&P MidCap 400 Index also rose to an all-time high of 3,046.36 on 3/28/24. For comparison, the S&P SmallCap 600 Index remained 8.28% below its record closing high as of the same date. In March, the Index posted a total return of 3.22%. Each of the 11 major sectors that comprise the Index registered positive total returns for the month. The top-performer was Energy, up 10.60%, while the worst showing came from Consumer Discretionary which was up 0.10%. The S&P 500 Index posted a total return of 29.86% over the trailing 12-month period ended 3/28/24. All 11 of the major sectors were up on a total return basis. The Index's top performer was Communication Services, up 49.76%, while the worst showing came from Utilities which rose by 0.42%. On a quarterly basis, the Index increased by 10.55% on a total return basis. The figure represents the best first quarter for the Index since 2019, when it rose by 13.65%. Earnings estimates for the companies that comprise the Index remain strong. FactSet reported that the year-end bottom-up EPS estimates for the 2024 calendar year were reduced by just 0.4% between 12/31/23 & 3/27/24. For comparison, the average decline in the annual bottom-up EPS estimates for the Index during the first three months of the year was 1.6% over the past 10 years, 2.5% over the past 15 years, and 2.3% over the past 25 years.

Bond Market

The yield on the benchmark 10-year T-note closed trading on 3/28/24 at 4.20%, down 5 basis points from its 4.25% close on 2/29/24, according to Bloomberg. The 4.20% yield stood 186 bps above its 2.34% average for the 10-year period ended 3/28/24, but 79 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood 42 bps higher than the yield on the 10-year T-note at the end of March, up from a difference of 30 bps in January. This marks 21 months in a row where the yield curve has remained inverted between these two benchmarks. The likelihood of an early-year rate cut by the Fed continues to diminish, in our opinion. As of 3/28/24, the federal funds rate futures market indicated that investors expect fewer than three rate cuts in 2024, totaling just 73 bps. For comparison, the same market indicated six rate cuts totaling 158 bps at the end of 2023. Default rates have risen. Moody's reported that its global speculative-grade corporate default rate stood at 5.0% in February 2024, up from 2.8% in February 2023. Moody's puts the historical default rate at 4.2%.

Takeaway

As indicated in the "U.S. Styles/Market Caps" section to the left, U.S. equities posted strong returns to start the year. The S&P 500 Index surged to record values to close out both February and March 2024, culminating in the Index's best first quarter in five years. In our view, the Index's recent performance can be attributed, in part, to the promise of scaled efficiencies brought on by Artificial Intelligence. Additionally, earnings estimates reflect strength. As of 3/29/24, the companies that comprise the S&P 500 Index were forecast to see record earnings per share of 243.35 and 275.55 in 2024 and 2025, respectively, according to Bloomberg. Add in the potential of an increasingly accommodative Fed and you have the recipe for record valuations, in our opinion. That said, most traditional equity markets act as forward-looking discounting mechanisms, pricing in the sum-effect of all present and future (expected) events. If expectations about the future fail to materialize (or get better!), we believe equities will adjust accordingly.

Data as of 3/28/24

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	5254.35	3/28/2024	1815.69	4/11/2014	5254.35	0.00%	10.55%	1.36%
S&P 500 Growth	3435.53	3/22/2024	964.97	4/11/2014	3410.90	-0.72%	12.75%	0.64%
S&P 500 Value	1845.71	3/28/2024	788.67	2/11/2016	1845.71	0.00%	8.05%	2.22%
S&P MidCap 400	3046.36	3/28/2024	1218.55	3/23/2020	3046.36	0.00%	9.94%	1.54%
S&P MidCap 400 Growth	1482.73	3/28/2024	572.55	10/13/2014	1482.73	0.00%	15.60%	0.98%
S&P MidCap 400 Value	948.49	3/28/2024	373.28	3/23/2020	948.49	0.00%	4.10%	2.15%
S&P 100	2479.42	3/22/2024	804.90	4/11/2014	2478.85	-0.02%	11.23%	1.28%
DJIA	39807.37	3/28/2024	15660.18	2/11/2016	39807.37	0.00%	6.14%	1.81%
Nasdaq 100	18339.44	3/22/2024	3446.85	4/11/2014	18254.69	-0.46%	8.72%	0.83%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	2124.55	-13.03%	5.17%	1.44%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1379.36	-19.32%	7.58%	0.61%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2387.22	-9.69%	2.90%	2.26%
Russell 3000	3012.90	3/28/2024	1067.34	2/11/2016	3012.90	0.00%	10.02%	1.35%
MSCI World Net (ex U.S.) (USD)	8309.32	3/21/2024	4189.62	2/11/2016	8301.38	-0.10%	5.49%	2.93%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	544.98	-22.06%	2.09%	2.67%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	25642.25	-13.04%	-7.49%	5.76%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1128.26	-41.22%	4.92%	11.24%
S&P BSE 500/India (USD)	390.66	3/7/2024	129.66	3/23/2020	384.36	-1.61%	4.31%	1.14%
Shanghai Composite/China (USD)	832.07	6/12/2015	320.27	4/28/2014	416.60	-49.93%	-0.54%	2.81%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	2.03	-30.62%	-0.80%	1.80%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2113.57	-50.16%	-2.72%	4.27%
MSCI Euro (USD)	1768.10	3/27/2024	865.50	3/18/2020	1763.94	-0.23%	8.37%	2.89%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	493.55	4/11/2014	1485.49	-11.22%	4.98%	0.73%
S&P 500 Consumer Staples	841.99	4/20/2022	439.21	4/11/2014	814.23	-3.30%	7.52%	2.78%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	721.24	-2.15%	13.69%	3.12%
S&P 500 Utilities	394.81	9/12/2022	203.71	8/6/2014	333.49	-15.53%	4.57%	3.38%
S&P 500 Financials	701.32	3/28/2024	264.89	2/11/2016	701.32	0.00%	12.45%	1.59%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	401.65	-13.04%	15.28%	2.76%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	741.84	-24.31%	-1.31%	4.01%
S&P 500 Health Care	1723.97	3/28/2024	644.74	4/11/2014	1723.97	0.00%	8.85%	1.56%
S&P 500 Pharmaceuticals	1130.39	2/23/2024	503.36	4/11/2014	1126.59	-0.34%	14.56%	2.24%
NYSE Arca Biotechnology	6319.77	2/8/2021	2367.69	4/14/2014	5284.41	-16.38%	-2.42%	0.22%
S&P 500 Information Technology	3869.95	3/22/2024	575.11	4/11/2014	3821.05	-1.26%	12.69%	0.68%
Philadelphia Semiconductor	5165.83	3/7/2024	549.47	10/13/2014	4905.21	-5.05%	17.76%	0.89%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	284.29	-1.45%	15.82%	0.70%
S&P 500 Industrials	1066.71	3/28/2024	412.06	3/23/2020	1066.71	0.00%	10.97%	1.48%
S&P 500 Materials	585.16	3/28/2024	234.97	1/25/2016	585.16	0.00%	8.95%	1.81%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	127.00	-24.30%	1.52%	1.84%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	290.29	-11.92%	10.03%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	195.84	3/31/2014	311.95	-2.42%	4.87%	6.51%
ICE BofA U.S. High Yield Constrained	533.55	3/28/2024	313.74	2/11/2016	533.55	0.00%	1.49%	7.83%

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