

Open-End Net Fund Flows (\$)	3/24	2/24	YTD (Mar)
Equity	-44.0B	-31.9B	-120.8B
Taxable Bond	24.1B	34.6B	85.2B
Municipal Bond	2.5B	2.9B	11.6B
Hybrid	-8.3B	-8.8B	-25.5B
Taxable Money Market	-91.2B	38.4B	13.8B

Key Interest Rates/Yields	4/30/24	3/28/24	4/28/23
Federal Funds Target Rate	5.50%	5.50%	5.00%
2-Year T-Note	5.04%	4.62%	4.01%
5-Year T-Note	4.72%	4.21%	3.49%
10-Year T-Note	4.68%	4.20%	3.43%
Bond Buyer 40	4.51%	4.38%	4.42%

Commodities/U.S. Dollar	4/24	YTD	12 Mo.
U.S. Dollar Index (DXY)	1.66%	4.82%	4.49%
FTSE/Core CRB Excess Ret.	0.40%	10.47%	8.69%
Crude Oil/WTI (per Barrel)	-1.49%	14.35%	6.71%
Natural Gas (per million BTUs)	12.93%	-20.80%	-17.39%
Gold Bullion (Ounce)	3.86%	11.15%	15.20%

Total Return Performance

U.S. Stock Indices	4/24	YTD	12 Mo.
S&P 500	-4.08%	6.04%	22.65%
DJIA	-4.92%	0.92%	13.25%
Nasdaq 100	-4.43%	3.90%	32.77%
S&P MidCap 400	-6.02%	3.33%	16.78%
Russell 2000	-7.04%	-2.23%	13.28%
Russell 3000	-4.40%	5.18%	22.28%

U.S. Styles/Market Caps	4/24	YTD	12 Mo.
S&P 500 Growth	-3.91%	8.35%	26.69%
S&P 500 Value	-4.30%	3.41%	18.14%
S&P MidCap 400 Growth	-6.00%	8.66%	22.14%
S&P MidCap 400 Value	-6.05%	-2.19%	11.26%
Russell 2000 Growth	-7.70%	-0.71%	12.35%
Russell 2000 Value	-6.37%	-3.66%	13.97%

Foreign Stock Indices (USD)	4/24	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-2.56%	2.79%	9.14%
MSCI Emerging Markets NET	0.72%	2.83%	9.88%
MSCI Europe NET	-1.89%	3.24%	7.48%
MSCI BRIC NET	3.92%	3.87%	7.09%
MSCI EM Latin America NET	-3.51%	-7.33%	15.24%
Nikkei 225	-8.07%	3.38%	17.11%

Bloomberg Fixed Income Ind.	4/24	YTD	12 Mo.
U.S. Treasury: Intermediate	-1.37%	-1.73%	-0.33%
GNMA 30 Year	-2.69%	-3.72%	-1.65%
Municipal Bond (22+)	-1.69%	-2.42%	2.53%
U.S. Aggregate	-2.53%	-3.28%	-1.47%
Intermediate Corporate	-1.35%	-1.09%	2.74%
U.S. Corporate High Yield	-0.94%	0.52%	9.02%
Global Aggregate	-2.52%	-4.55%	-2.47%
EM Hard Currency Aggregate	-1.63%	-0.33%	6.22%

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

At the end of the April, the Federal Funds Rate futures market indicated that just one rate cut was expected in 2024, down from an estimated six cuts at the close of 2023. In our view, this change in sentiment is the result of inflation's recent re-acceleration and stronger-than-expected economic data throughout the month. Inflation, as measured by the trailing 12-month change in the Consumer Price Index, stood at 3.5% on 3/31/24, up from 3.1% on 1/31/24. Notably, "supercore" inflation (strips out food, energy, housing rents, and other goods) increased by 4.8% on a trailing 12-month basis. Despite rising prices, U.S. consumer spending remains resilient. In March, retail sales grew at a pace of 0.7%, well-above the consensus estimate of 0.4%. Moreover, the University of Michigan's Consumer Sentiment and Consumer Expectations Indices surged by 21.2% and 25.4%, respectively, year-over-year in April. We see several potential catalysts driving consumer resilience. One of these is surging U.S. household net worth, which rose to a record \$156.2 trillion in Q4'23. Another is the fact that savers are finally being compensated for their U.S. deposits. The total value of assets held in U.S. money market accounts stood at \$6.0 trillion on 5/1/24, nearly doubling in value over the past five years. Notably, the weekly yield on the benchmark U.S. Treasury 3-Month Money Market Index stood at 5.32% on 4/29/24, up from 2.40% during the same week in April 2019.

Stock Market

The S&P 500 Index ("Index") stood at 5,035.69 on 4/30/24, down 4.16% from its all-time high of 5,254.35 set on 3/28/24, according to data from Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood -6.08% and -13.51%, respectively, below their all-time highs as of the same date. In April, the Index posted a total return of -4.08%. Just one of the 11 major sectors that comprise the Index registered positive total returns for the month. The top-performer was Utilities, up 1.65%, while the worst showing came from Real Estate which was down 8.50%. The S&P 500 Index posted a total return of 22.65% over the trailing 12-month period ended 4/30/24. Ten of the 11 major sectors were up on a total return basis. The Index's top performer was Communication Services, up 41.31%, while the worst showing came from Real Estate which fell by 0.67%. April marked the first monthly decline in the Index since October 2023. From our perspective, markets were adjusting to the waning possibility that the Federal Reserve ("Fed") will cut rates in the near term. That said, we maintain that current valuations are a product of more than simply Federal Reserve policy. For example, corporate earnings estimates continue to reflect strength. Data from Bloomberg published on 4/26/24 revealed that earnings for the companies that comprise the S&P 500 Index are expected to increase at a rate of 9.13% and 13.38% in 2024 and 2025, respectively.

Bond Market

The yield on the benchmark 10-year T-note closed trading on 4/30/24 at 4.68%, having surged by 48 basis points (bps) from its 4.20% close on 3/28/24, according to Bloomberg. The 4.68% yield stood 232 bps above its 2.36% average for the 10-year period ended 4/30/24, but just 31 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note rose to 5.04%, putting it 36 bps higher than the yield on the 10-year T-note at the end of April 2024, up from a difference of 30 bps in January. This marks 22 months in a row where the yield curve has remained inverted between these two benchmarks. One rate-sensitive area we have been following with interest is commercial real estate. ATTOM Data Solutions reported that a total of 625 commercial properties entered foreclosure in March 2024, representing an increase of 117% on a year-over-year basis. If interest rates remain elevated, we expect near-term pressures in this space to persist.

Takeaway

As the "Total Return Performance" section to the left shows, all but two of the equity indices we track suffered losses in April 2024. From our perspective, the decline in equities can be largely attributed to the decreased likelihood of multiple rate cuts this year. That said, several other factors may be at play. For one, doubts are emerging about the U.S. consumer's ability to continue spending at current levels. Despite outpacing expectations in March, January's retail sales report was revised downward from -0.8% to -1.1%, and inflation adjusted retail sales outside the auto sector declined at a 3.0% annual rate in Q1'24. Consumer debt levels are at all-time highs. As of the close of 2023, the Federal Reserve Bank of New York reported that U.S. household debt rose to a record \$17.5 trillion. Delinquency transition rates rose for all types of debt excluding student loans in Q4'23, hinting at the rising burden of debt service payments. Small businesses are struggling to pay their bills. In April, 43% of small and mid-sized U.S. businesses were unable to pay their rent on time and in full. In addition, real U.S. GDP growth was a tepid 1.6% in Q1'24, far below consensus expectations of 2.5%.

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	1829.08	2/11/2016	5035.69	-4.16%	6.04%	1.42%
S&P 500 Growth	3435.53	3/22/2024	998.95	5/6/2014	3276.63	-4.63%	8.35%	0.67%
S&P 500 Value	1845.71	3/28/2024	788.67	2/11/2016	1763.92	-4.43%	3.41%	2.33%
S&P MidCap 400	3046.36	3/28/2024	1218.55	3/23/2020	2861.11	-6.08%	3.33%	1.64%
S&P MidCap 400 Growth	1482.73	3/28/2024	572.55	10/13/2014	1393.07	-6.05%	8.66%	1.04%
S&P MidCap 400 Value	948.49	3/28/2024	373.28	3/23/2020	890.42	-6.12%	-2.19%	2.29%
S&P 100	2479.42	3/22/2024	819.58	8/25/2015	2385.92	-3.77%	7.16%	1.34%
DJIA	39807.37	3/28/2024	15660.18	2/11/2016	37815.92	-5.00%	0.92%	1.92%
Nasdaq 100	18339.44	3/22/2024	3540.42	5/8/2014	17440.69	-4.90%	3.90%	0.87%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	1973.91	-19.19%	-2.23%	1.55%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1272.84	-25.55%	-0.71%	0.66%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2233.15	-15.52%	-3.66%	2.43%
Russell 3000	3012.90	3/28/2024	1067.34	2/11/2016	2878.12	-4.47%	5.18%	1.41%
MSCI World Net (ex U.S.) (USD)	8309.52	3/29/2024	4189.62	2/11/2016	8089.27	-2.65%	2.79%	2.99%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	548.92	-21.50%	2.83%	2.72%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	24349.64	-17.43%	-12.15%	6.14%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1174.68	-38.81%	9.23%	10.34%
S&P BSE 500/India (USD)	397.23	4/29/2024	129.66	3/23/2020	397.07	-0.04%	7.77%	1.10%
Shanghai Composite/China (USD)	832.07	6/12/2015	321.46	5/19/2014	428.78	-48.47%	2.39%	2.72%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.94	-33.70%	-4.98%	2.06%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2271.17	-46.45%	4.60%	3.98%
MSCI Euro (USD)	1768.10	3/27/2024	865.50	3/18/2020	1694.25	-4.18%	4.96%	3.07%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	500.86	10/15/2014	1420.81	-15.09%	0.43%	0.75%
S&P 500 Consumer Staples	841.99	4/20/2022	443.51	7/31/2014	805.51	-4.33%	6.56%	2.82%
S&P 500 Energy	749.39	4/5/2024	179.94	3/18/2020	714.95	-4.60%	12.82%	3.15%
S&P 500 Utilities	394.81	9/12/2022	203.71	8/6/2014	338.80	-14.19%	6.29%	3.33%
S&P 500 Financials	701.32	3/28/2024	264.89	2/11/2016	671.09	-4.31%	7.75%	1.68%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	388.87	-15.81%	11.93%	2.88%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	681.96	-30.42%	-9.11%	4.35%
S&P 500 Health Care	1723.97	3/28/2024	664.48	5/8/2014	1634.44	-5.19%	3.32%	1.65%
S&P 500 Pharmaceuticals	1130.39	2/23/2024	515.78	8/7/2014	1076.87	-4.73%	9.60%	2.34%
NYSE Arca Biotechnology	6319.77	2/8/2021	2451.96	5/8/2014	4945.17	-21.75%	-8.69%	0.27%
S&P 500 Information Technology	3869.95	3/22/2024	590.50	5/7/2014	3612.61	-6.65%	6.57%	0.72%
Philadelphia Semiconductor	5165.83	3/7/2024	549.47	10/13/2014	4673.30	-9.53%	12.21%	0.91%
S&P 500 Communication Services	294.21	4/11/2024	130.86	12/24/2018	277.98	-5.52%	13.42%	0.72%
S&P 500 Industrials	1066.71	3/28/2024	412.06	3/23/2020	1028.09	-3.62%	7.00%	1.55%
S&P 500 Materials	586.08	4/9/2024	234.97	1/25/2016	558.16	-4.76%	3.95%	1.90%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	133.45	-20.45%	6.77%	1.77%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	291.46	-11.57%	10.47%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	199.35	4/30/2014	304.22	-4.83%	2.28%	6.95%
ICE BofA U.S. High Yield Constrained	533.74	3/31/2024	313.74	2/11/2016	528.40	-1.00%	0.51%	8.32%

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