



March 2024 Market Recap

Equities

All sectors in the S&P 500 were positive in March. Energy led the way on the back of higher commodity prices. The leadership from the Mag 7 was a bit more mixed in March; while Nvidia continues to dominate, Tesla, Apple and Meta took a step back.

Global equity markets were positive in March. Within developed regions, value outpaced growth. Energy, materials, and financials, which generally have larger weights in value benchmarks, were areas of strength. A reversion-to-the-mean theme following the recent growth led market may also have been a factor as quality, growth and momentum had little influence.

(+) Equity markets were positive across regions and continued their year-to-date climb higher. Within the U.S., small cap edged out their large cap counterparts.

(+) International developed markets slightly outpaced U.S. large cap equities with strong results coming from the U.K and select areas of mainland Europe, including Italy and Germany.

(+) Emerging markets generated a positive return for the month but trailed developed regions. Mexico was a standout while Brazil and China lagged.

Fixed Income

The U.S. yield curve saw minimal change during the month as investors' expectations of a March rate cut diminished. The Fed held steady and market expectations have shifted to three rate cuts by December, down from expecting at least five to start the year.

Spread sectors generally outperformed similar duration Treasuries in March. High yield corporates were a notable standout while mortgages outperformed within the investment grade universe.

(+) Fixed income markets regained some ground in March. The Federal Reserve held the Fed Funds rate steady (5.25-5.50%) and, as a result, interest rates were little changed from the start of the month.

(+) Riskier segments of the bond market, such as high yield, outperformed.

(+) Inflation continued to subside in Europe and falling rates abroad buoyed non-USD fixed income. However, a stronger dollar was a headwind for USD based investors.

Real Asset/Alternatives

Commodity prices advanced during March, with most subcomponents producing a gain. Precious metals benefited from an anticipated drop in real rates and increased demand for the “safe-haven” sector amid escalating geopolitical tensions in the Middle East. Supply disruptions in the Middle East led to higher oil prices, benefiting the energy sector.

REITs gained during the month, with most sectors advancing. The Fed indicated that its plan to cut rates in the back half of 2024 remained intact, benefiting the sector broadly. Notably, data centers pulled back from its AI-driven rally, with one of the larger constituents suffering after being the subject of a short seller report.

(+) REITs were positive during the month as interest rates remained range bound and the outlook for rate cuts later in the year persisted.

(+) Many of the underlying sub-components of Real Assets (real estate, commodities, and fixed income) had positive returns in March.

(+) Commodities were broadly positive, benefiting from rising energy and precious metal prices.

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