

## Equity Markets

While volatility persisted, first quarter strength was notable. The S&P 500 was up about 6.5%, while the investment-grade bond market was up 4.5%. The question is whether it will continue, especially with labor, manufacturing, services, and housing segments all showing recent signs of softening. For the shortened trading week volatility remained stable for the first time in a month.

	<u>4/3 Open</u>	<u>4/7 Close</u>	<u>Change</u>
Dow Jones	33,274	33,485	+0.6%
S&P 500	4,109	4,105	-0.1%
NASDAQ	12,222	12,088	-1.1%
KBW Bank Index	82.0	80.4	-1.9%
VIX	18.7	18.4	-0.2%
Oil (WTI)	79.6	80.7	+1.4%

(Continued) The big news for the week was the U.S. adding 236,000 jobs in March, about in line with expectations, with the unemployment rate falling to 3.5% from 3.6% a month earlier. Expectations were for a 238,000 increase in non-farm payrolls, based on the consensus estimate from Dow Jones economists. Those same economists anticipated the unemployment rate holding steady at 3.6%. Equity markets were closed for Good Friday, but futures signaled a positive Monday open.

## Interest Rates/Bonds

Yields of U.S. Treasury bonds remained flat for the holiday shortened week. The yield of the 10-year U.S. Treasury was lower by ten basis points for the week but there was a whipsaw during the week. The 10-year started the week at 3.49% and fell to 3.28% following poor ADP and service sector reports.

	<u>4/3 Open</u>	<u>4/7 Close</u>	<u>Change</u>
3mo UST	4.62%	4.75%	+13bp
2yr UST	4.06%	3.98%	-8bp
5yr UST	3.63%	3.50%	-13bp
10yr UST	3.49%	3.39%	-10bp
2-10yr UST Spread	-57 bp	-59 bp	-2bp
10yr Inflation Rate	2.32%	2.26%	-6bp

(Continued) Following Friday's Unemployment report the benchmark rate jumped ten basis points.

December 2023 expectations for the FOMC's overnight rate has changed from 5.50-5.75% to 4.00-4.25% in the past month.

## Washington

JPMorgan Chase & Company's CEO Jamie Dimon explained in his annual letter to investors that the recent failure of Silicon Valley Bank, although nothing like the financial crisis in 2008, will nonetheless have repercussions for years.

He continued by stating the current turmoil "involves far fewer financial players and fewer issues that need to be resolved." He said there need to be changes to banking rules to avoid a repeat of such an eventuality: "Most of the risks were hiding in plain sight."

In a bipartisan effort following the recent bank failures, senators are looking to introduce a bill that will bring the regional Federal Reserve banks under the purview of the Freedom of Information Act. Sens. Elizabeth Warren (D-Mass.) and Thom Tillis (R-NC) sponsored the bill, which would subject the regional Fed banks to FOIA requests and strengthen lawmakers' ability to request information from the Federal banks.

Merrill Lynch Pierce Fenner & Smith Inc. was charged on April 3 by the Securities and Exchange Commission for charging its advisory clients over \$4 million in undisclosed foreign exchange fees for transfers to or from their accounts.

The FDIC is expected to make an instant windfall as part of First Citizens Bancshares Inc.'s government-backed acquisition of certain assets of Silicon Valley Bank. The agency informed First Citizens that it was claiming a profit of \$500 million from the company's stock price increase following the deal.

## Economic Results 4/3 – 4/7

**Mar ISM Services:** The service sector index slowed in March, registering 51.3 percent, down 2.7 percentage points from the February figure of 54 percent.

**Mar Nonfarm:** March nonfarm payroll employment increased by 236,000, lower than the average monthly gain of 334,000 in the last six months. The unemployment rate was unchanged at 3.5%.

## Economic Week Ahead

Mar CPI (Wed)

Mar PPI (Thurs)

Mar Retail Sales  
Mar Industrial prod. (Fri)

## Quote

"Don't judge each day by the harvest you reap but by the seeds that you plant."

– Robert Louis Stevenson

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*The source for the information above is Bloomberg News unless otherwise noted.*