

Equity Markets

U.S. stocks stumbled early in the week but rallied at the end to post weekly gains of around 1%. Strong earnings results from technology companies provided much of the week's positive momentum. During the week, the market took in a slower first quarter GDP growth than expected and a Friday inflation report that signaled that the FOMC's preferred measure of inflation (PCE Price Index)

	<u>4/24 Open</u>	<u>4/28 Close</u>	<u>Change</u>
Dow Jones	33,809	34,098	0.9%
S&P 500	4,134	4,170	0.9%
NASDAQ	12,073	12,227	1.3%
KBW Bank Index	82.9	81.3	-1.9%
VIX	16.8	15.8	-1.8%
Oil (WTI)	77.9	76.2	-2.2%

(Continued) continued to moderate but is still well above their target level. For the month of April, the S&P 500 added 1.5%, the Dow rose 2.5%, and the NASDAQ posted a minor gain. The Cboe Volatility Index ended April at the lowest level since November 2021. At the midway point of earnings season, the percentage of S&P 500 companies that have surpassed analysts' earnings expectations is higher than normal. Among the companies that have released first-quarter results as of Friday, 79% exceeded net income expectations, topping the five-year average of 77%.

Interest Rates/Bonds

Yields of government bonds slipped for the week, following weak global GDP levels. The 5-year was down fourteen basis points, week over week.

The U.S. Federal Reserve is scheduled to announce its next move on interest rates on Wednesday, with most

	<u>4/24 Open</u>	<u>4/28 Close</u>	<u>Change</u>
3mo UST	5.02%	4.99%	-3bp
2yr UST	4.18%	4.06%	-12bp
5yr UST	3.66%	3.52%	-14bp
10yr UST	3.57%	3.45%	-12bp
2-10yr UST Spread	-61 bp	-61 bp	0bp
10yr Inflation Rate	2.29%	2.21%	-8bp

(Continued) observers expecting the Fed to lift its key benchmark by a quarter point at its most recent meeting in March, when it also revised its GDP growth forecast downward.

Washington

Borrowing from the Federal Reserve's Bank Term Funding Program and discount window increased in the week ended April 26. Bank Term Funding Program borrowing totaled \$81.33 billion on April 26, up from \$73.98 billion the week prior.

Regional banks are bracing for heightened regulation after the recent bank failures. During first-quarter earnings calls, regional bank executives described their expectations and efforts to prepare for federal regulatory changes related to capital requirements, including the potential for including unrealized losses in regulatory capital ratios.

(Continued) Many said they feel current capital rules are sufficient, and one executive said it is unfair to subject regional banks to tougher regulation after the failure of two banks with unique business models.

Economic Results 4/24 – 4/28

First Quarter GDP: U.S. economic growth remained in positive territory in this year's first quarter, but it slowed markedly from the previous quarter and fell short of most economists' forecasts. Amid still-high inflation, GDP grew at an annualized rate of 1.1% in the latest period, down from a 2.6% figure in last year's fourth quarter.

Mar Exiting Home Sales: The Personal Consumption Expenditures Price Index rose at a 4.2% annual rate in March, down from a 5.1% increase in February. Excluding volatile food and energy prices, core inflation rose 4.6% in the latest month.

Economic Week Ahead

April ISM Manufacturing
(Mon)

Mar. Factory Orders (Tues)

April ADP Employment
April ISM Services Index
FOMC Rate Decision (Wed)

April Nonfarm Payroll (Fri)

Quote

"If it comes easy, it will go fast."

– Conor McGregor

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