



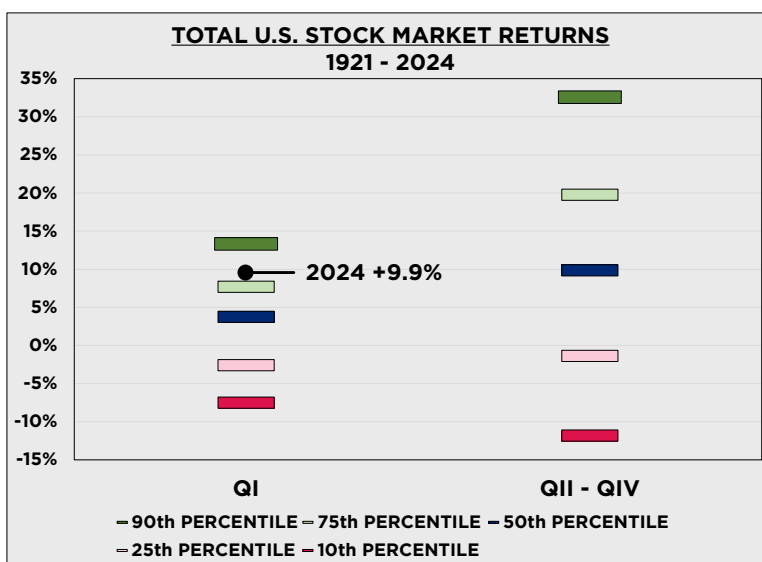
Market update

April 1, 2024

The bull market for stocks continued in March, resulting in the best U.S. first-quarter performance since 2019. The return of foreign stocks matched the U.S. for the month but lagged for the quarter. A modest decline in interest rates brought a bond market gain in March, but not enough to offset earlier losses in the quarter.

	<u>March</u>	<u>Year to Date</u>
• U.S. Taxable Bonds	+0.9%	-0.8%
• U.S. Stocks	+3.2%	+9.9%
• Foreign Stocks	+3.2%	+4.8%

A resilient U.S. economy and generally favorable corporate earnings helped lift U.S. stock markets to new record highs and pushed foreign developed market stocks near prior highs. Debate continued over the course of interest rates with a shift in expectations toward a slower rate of decline. This scenario reflects both continued real growth and the challenge of bringing inflation down to a 2% target. The Baltimore bridge collapse was a fresh reminder of supply-chain vulnerabilities that can arise at any time and bring unforeseen inflation pressures.



With such a strong performance in the first quarter, is there a risk of disappointing U.S. stock returns for the balance of 2024? The chart here shows just how strong was the performance in the quarter. Historical return outcomes for the last three quarters of the year have varied widely around a 102-year average of +9.8%. In 21 of those 102 years, the first quarter return was equal to or greater than the first-quarter return of 2024. Of those 21 years, positive returns for the last three quarters were posted in 17 years, i.e., 81% of the time. Of course, there is no guarantee of outcomes for the last three quarters of 2024. In addition, the first quarter found markets at all-time high levels. But a robust first quarter outcome does not mandate disappointment ahead.