

PNC Weekly Market Watch

May 6, 2024

Market Outlook

Given recent accelerations in inflation, many investors were relieved following last week's Federal Open Market Committee (FOMC) meeting, in which the Federal Reserve (Fed) maintained its dovish tone. Economic data throughout the week came in below consensus expectations, including both the Institute for Supply Management® (ISM®) Manufacturing and Services indices, with the latter falling into contraction territory for the first time since December 2022. Likewise, Friday's payroll report missed consensus estimates, helping quell fears of further monetary policy tightening measures by the Fed. As financial conditions eased, the S&P 500® turned positive for the week, recovering to its 50-day moving average. Similarly, small- and mid-cap growth stocks performed well; the Russell 2000® even outpaced the S&P 500 for the third consecutive week, the longest streak of the year. The U.S. Dollar Index had its second largest weekly decline of the year, which served as a boon for emerging markets. The MSCI China Index, for instance, is now the furthest above its 200-day moving average since August.

Market Performance

	Price	1 Week	Total (USD)		
			QTD	YTD	1 Year
Russell 3000®	2,934	0.6%	(2.5)%	7.2%	25.6%
S&P 500®	5,128	0.6%	(2.3)%	8.0%	25.9%
Growth	3,364	1.0%	(1.4)%	11.2%	30.3%
Value	1,779	0.1%	(3.5)%	4.3%	20.9%
S&P 400®	2,929	1.2%	(3.8)%	5.8%	21.0%
Russell 2000®	2,036	1.7%	(4.1)%	0.9%	17.5%
MSCI World Ex USA	2,326	1.4%	(1.2)%	4.2%	10.4%
MSCI Emerging Markets IMI	1,096	2.0%	2.4%	4.4%	12.5%

	YTW	1 Week	Total (USD)		
			QTD	YTD	1 Year
Bloomberg US Agg	5.09%	1.2%	(1.3)%	(2.1)%	(0.2)%
Bloomberg Corp Inv Grade	5.52%	1.3%	(1.3)%	(1.7)%	2.9%
Bloomberg US Corp HY	7.85%	1.1%	(0.0)%	1.5%	10.5%
Bloomberg EM USD Agg	7.28%	1.0%	(0.8)%	0.7%	7.2%

	Price	1 Week	Total (USD)		
			QTD	YTD	1 Year
US Dollar / Euro	1.08	0.8%	(0.3)%	(2.5)%	4.4%
Japanese Yen / US Dollar	152.89	(2.8)%	1.0%	8.4%	7.7%
Chinese Yuan / US Dollar	7.24	(0.1)%	0.2%	2.1%	4.1%
Bloomberg Commodity Index	101.34	(1.4)%	2.4%	4.6%	(1.6)%
Gold (\$/oz)	\$2299/oz	(1.5)%	4.9%	11.3%	10.8%
Crude Oil (\$/barrel)	\$78.11/bbl	(6.7)%	4.6%	12.7%	8.0%
Copper (\$/lb)	\$4.5735/lb	(0.6)%	5.1%	15.7%	4.6%

As of 5/3/2024. Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

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Table of the Week

First-Quarter Earnings

Name	Earnings	
	Blended Growth ¹	Estimate 3/31/2024
S&P 500	5.0	3.4
S&P 500 ex-Magnificent 7	-2.7	-2.6
Communication Services	34.8	19.2
Consumer Discretionary	24.0	16.3
Consumer Staples	2.9	-0.8
Energy	-25.7	-26.8
Financials	6.1	1.7
Health Care	-25.7	-7.1
Industrials	6.4	-0.6
Information Technology	23.2	20.4
Materials	-21.2	-23.6
Real Estate	8.4	5.1
Utilities	26.7	24.1

1. Blended Growth is actual reported results combined with consensus estimates for those yet to report.

As of 5/3/2024. Source: FactSet®

- The blended earnings growth rate improved significantly last week due to contributions from all sectors except Energy.
- The "Magnificent 7" (M7) earnings releases to date have propelled the growth rate to 5%. However, non-M7, consumer-related companies have noted an increasingly challenging market environment, particularly for lower-income consumers.
- With first quarter earnings exceeding expectations, full-year 2024 growth estimates have been revised higher, and now sit at almost 11%.

Economic Updates

Previous Week

- FOMC Rate Decision: 5.25% - 5.50%
- Change in Nonfarm Payrolls (U.S.): 175k
- GDP q/q (E.U., GE): 0.3%, 0.2%
- ISM Manufacturing & Services PMI® (U.S.): 49.2, 49.4

This Week

- Senior Loan Officer Opinion Survey (U.S.)
- Bank of England Rate Decision (U.K.)
- GDP q/q (U.K.)
- Exports y/y (CH)

Weekly Market Watch

Equity Size and Style Returns

	MTD Total Returns		
	Value	Core	Growth
S&P 500	0.8%	1.8%	2.7%
S&P 400	2.4%	2.4%	2.4%
Russell 2000	3.6%	3.1%	2.7%

	YTD Total Returns		
	Value	Core	Growth
S&P 500	4.3%	8.0%	11.2%
S&P 400	0.2%	5.8%	11.2%
Russell 2000	(0.2)%	0.9%	1.9%

	MTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	1.2%	1.3%	1.5%
MSCI World Ex USA Small	1.7%	1.7%	1.7%
MSCI Emerging Markets IMI	1.3%	1.5%	1.6%

	YTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	4.1%	4.2%	4.2%
MSCI World Ex USA Small	2.6%	1.3%	0.1%
MSCI Emerging Markets IMI	3.6%	4.4%	5.1%

Equity Valuations

	P/E	P/E	Dividend	Moving Average (days)		
				3Yr Avg	Yield (%)	50
Russell 3000	20.2 x	19.1 x	1.34	2,937	2,858	2,696
S&P 500	20.2 x	18.9 x	1.36	5,130	4,985	4,703
Growth	26.2 x	23.3 x	0.62	3,350	3,232	3,036
Value	15.7 x	15.7 x	2.27	1,789	1,753	1,663
S&P 400	15.2 x	14.2 x	1.47	2,929	2,845	2,697
Russell 2000	22.3 x	21.4 x	1.34	5,067	4,996	4,760
MSCI World Ex USA	14.0 x	13.6 x	3.01	2,325	2,278	2,184
MSCI Emerging Markets IMI	12.3 x	12.0 x	2.73	1,070	1,049	1,024

Fixed Income Valuations

	Duration	OAS
	(yrs)	(bps)
Bloomberg US Agg	6.2	38
Bloomberg Corp Inv Grade	7.0	86
Bloomberg US Corp HY	3.2	293
Bloomberg EM USD Agg	6.0	262

Data as of 5/3/24 unless otherwise noted.

Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

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