

Market Flash Report

May 2024

Key Takeaways

- **Market News:** Equities rallied in May, led by tech, small caps, and REITs. US small caps have outperformed large caps for three of the last four months. A solid earnings season has driven investor optimism after a pullback in April that made some areas of the market attractive. Economic data, however, continues to be a double-edged sword as positive news is met with higher bond yields and lower equity prices, and negative news brings a recession back into the picture.
- **Fixed Income:** Bonds rallied and had their best month of the year after Jay Powell downplayed the possibility of interest rate hikes and the Federal Reserve said it would shrink its balance sheet at a slower pace. Additionally, the latest inflation report may offer US policymakers hope that inflation is resuming its downward trend after cooling for the first time in six months, which would pave the way for rate cuts.
- **Consumer Demand:** The latest retail sales data showed a slight easing in the strong consumer demand that has been powering the economy. Similarly, payrolls came in below expectations but still above long-term averages and real GDP for Q1 was revised lower. While the Fed does not necessarily want to see a weakening consumer, softening retail spending should help fuel the fire for lower rates in the back half of 2024.

Index Performance (as of 5/31/2024)

ARIZONA
CALIFORNIA
COLORADO
D.C. METRO AREA
FLORIDA
GEORGIA
MASSACHUSETTS
NEW JERSEY
NEW YORK
PHILADELPHIA METRO AREA
RHODE ISLAND
TEXAS
WASHINGTON
WYOMING
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Equity	May	YTD	One-Year
U.S. Large Cap	5.0%	11.3%	28.2%
U.S. Small Cap	5.0%	2.7%	20.1%
Developed Non-U.S.	4.0%	7.5%	19.1%
Emerging Market	0.6%	3.5%	12.8%
Real Assets			
Real Estate	5.3%	-4.3%	9.0%
Commodities	1.8%	6.8%	10.9%
Natural Resource Equities	2.0%	12.5%	29.0%
Fixed Income			
<u>Core Plus</u>			
U.S. High Yield Debt	1.1%	1.6%	11.2%
Emerging Market Debt	1.6%	-2.5%	6.3%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	1.7%	-1.6%	1.3%
U.S. Treasuries	1.5%	-1.9%	-0.2%
U.S. Municipal Bonds	-0.7%	-1.9%	1.8%
Month-End Values/Yield			
CBOE Volatility Index	12.9	15.7	17.9
10-Year Treasury Yield	4.5%	4.7%	3.6%

Disclosures

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