AMJ Financial Wealth Management
Weekly Market Commentary
April 08, 2024

The Markets

The bull charged from October 2023 through March 2024. Last week, it took a breather.

Optimistic may be the best word to describe the first quarter of 2024. From the start of the year, investors were confident that an economic soft landing in the United States was possible. The U.S. stock market reflected investors' conviction that:

- The U.S. economy would continue to demonstrate resilience;
- Inflation would continue toward the Federal Reserve (Fed)'s target; and
- The Fed would eventually lower the federal funds rate, pushing borrowing costs down and boosting economic growth.

Over the first quarter, the Standard & Poor's 500 Index moved 10.2 percent higher.

"That's only the fourth time since the start of the millennium [the S&P 500] has gained 8% or more in the first three months of the year…," reported Teresa Rivas of *Barron's*. "Of the 16 times the S&P 500 has managed to rise 8% or more in the first quarter from 1950 through 2023, only once—in 1987, the year of the Black Monday crash—did the index lose ground in the rest of the year." (While the historic data are interesting, past performance is no guarantee of future results.)

The U.S. stock rally "showed yet again that under the right conditions equities can thrive amid considerable uncertainty," wrote Economist Mohamed El-Erian. In a *Bloomberg* opinion piece, he explained that U.S. stocks have moved higher despite:

- Changing interest rate expectations,
- Rising oil prices,
- Wars in Gaza and Ukraine,
- Escalating tensions among major powers, and
- Recessions in Germany, Japan, and the United Kingdom.

These issues carried less weight than other factors, El-Erian explained. "…the first quarter saw much broader investor adoption of the promise of generative artificial intelligence…This was supported by growing recognition of the innovative technology's potential to enhance productivity across many sectors and in a durable manner…From a top-down perspective, the rally's expansion…was fueled by a combination of US economic exceptionalism and the Federal Reserve's relatively dovish stance on monetary policy."

Early last week, the rally paused. The S&P 500 fell by more than two percent through Thursday. Some attributed the shift to hawkish comments from the President of Federal Reserve Bank of Minneapolis Neel Kashkari. In an interview with *Pensions & Investments*, Kashkari commented, "If we continue to see inflation moving sideways, then that would make me question whether we need to do those rate cuts at all," reported *Reuters*.

Other factors were at play, too. John Authers of *Bloomberg* pointed out that the market backpedaled after a jump in oil prices (which have the potential to push inflation higher), as well as rising tensions between the U.S. and Israel.

On Friday, the market rebounded after a blowout employment report. *Bloomberg Economics* forecast a downshift in hiring that would result in fewer than 200,000 new jobs for March, reported Matthew Boesler. That forecast was off the mark. Employers added more than 300,000 new jobs during the month. Strong hiring pushed the unemployment rate lower even though more people were actively looking for work during the month.

Despite Friday's rebound, major U.S. stock indices finished the week lower, reported Karishma Vanjani of *Barron's*. Yields on many longer maturities of U.S. Treasuries moved higher over the week.

Data as of 4/5/24	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	-1.0%	9.1%	27.2%	8.5%	12.5%	10.9%
Dow Jones Global ex-U.S. Index	-0.7	3.2	9.6	-1.5	2.9	1.9
10-year Treasury Note (yield only)	4.4	N/A	3.3	1.7	2.5	2.7
Gold (per ounce)	3.8	10.6	13.2	9.6	12.3	5.9
Bloomberg Commodity Index	3.4	4.3	-3.5	7.4	4.6	-2.7

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

IT'S A JAM-PACKED HOLIDAY WEEK! More than a dozen holidays are celebrated this week, including:

- Bat Appreciation Week,
- International Trombone Week,
- National Library Week,
- Take Your Poet to School Week, and
- America Saves Week.

This year, America Saves Week encourages people to build a secure financial future by saving for what matters most. That could mean setting aside money in an emergency fund, a college savings fund, a retirement account, or another opportunity. For some people, saving includes investing, buying stocks, bonds, and other assets with the goal of growing wealth, generating a stream of income, or doing both.

Why is saving important?

The Library of Economics and Liberty cited the *Concise Encyclopedia of Economics* to provide some insight to economists' big-picture view of saving. "…consider an economy in which there is a single commodity, say, corn. The amount of corn on hand at any point in time can either be consumed (literally gobbled up) or saved. Any corn that is saved is immediately planted (invested), yielding more corn in the future. Hence, saving adds to the stock of corn in the ground, or in economic jargon, the stock of capital. The greater the stock of capital, the greater the amount of future corn, which can, in turn, either be consumed or saved..."

At a more granular level, saving confers a tax benefit to Americans who qualify, reported Kate Dore of CNBC, but few eligible taxpayers claim it.

“The retirement savings contribution credit, or ‘saver’s credit,’ can help low- to moderate-income filers offset part of the funds added to an individual retirement account, 401(k) plan or other workplace plan…For 2023, your adjusted gross income can’t exceed $21,750 for single filers or $43,500 for married couples for the 50% credit. The percentages drop to 20% and 10%, respectively, as earnings increase, with a complete phase-out above $36,500 for individuals or $73,000 for joint filers.”

If any members of your household qualify, you may want to let them know about the tax credit.

Weekly Focus – Think About It

"The White House has directed NASA to establish a time standard for the moon…The unified time standard will be known as ‘Coordinated Lunar Time (LTC)’...A standardized time reference is needed because the moon has a weaker gravitational pull than Earth due to its smaller mass, meaning that time moves slightly faster on the moon than on Earth — on average, 58.7 microseconds per day...”

—*Adela Suliman,* The Washington Post

Best regards,

Angela M. Bender

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.
* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

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