Investment Commentary

March 31, 2024

Financial Markets

Last year's stock market rally continued unabated in the first quarter of 2024 as the S&P 500 Index rose 10.6%. The ascent continued to be disproportionately concentrated among a handful of massive technology-related companies. The leadership of the so-called Magnificent Seven, which accounted for much of last year's gains, was narrowed to an even tighter quartet of mega-cap tech companies (NVIDIA, Microsoft, Meta/Facebook, and Amazon) that together accounted for almost half of the S&P's first quarter return. With continued gains among the largest companies, the S&P 500 has become increasingly concentrated; the 10 largest companies now account for a full third of the Index. Other segments of the market that do not have such a concentration of mega-cap tech—including US small cap as well as international developed and emerging markets—underperformed the S&P 500.

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Bonds also underperformed in the quarter. Evolving expectations for the path of policy interest rates from the Federal Reserve caused rates to rise

So, what shifted? Well, not the economy. Its continued growth surprised many economists and investors who saw a high probability of recession not long ago. Such resilience is part of what drove stock returns over the past suggest that the workers, or the economy overall, are in for a rude awakening. It does, however, indicate that the all-important labor market is finding more equaheh rdinme0.-9.9chicbog (r)4.6 ( )1 (l)2.5 (hic)-3.eruues(e)-2 ()0.7 ect.006(es(e)9 (r)4