

PNC Weekly Market Watch

March 11, 2024

Market Outlook

Domestic equities reacted positively to a flurry of macroeconomic data last week; however, after reaching another all-time high early Friday, the S&P 500® pulled back for a negative weekly return. Data was fairly mixed; factory orders and the ISM® Services PMI® came in below consensus estimates, whereas Friday's payroll report showed the labor market remains strong. Furthermore, Federal Reserve (Fed) Chair Powell's semi-annual congressional testimony reinforced pushback against imminent interest rate cuts, and the 10-year U.S. Treasury yield fell to the lowest level in over a month. Given the numerous macroeconomic cross-currents, markets were led higher by smaller-capitalization stocks, and value stocks outperformed growth. The Nasdaq-100® had its second worst weekly return of the year as mega-cap stocks retreated on company-specific issues. This week, consensus expects the headline Consumer Price Index (CPI) reading to remain unchanged at 3.1%, still well above the Fed's 2% target. If correct, this would mark exactly three years since inflation was below 3%.

Market Performance

	Total (USD)				
	Price	1 Week	QTD	YTD	1 Year
Russell 3000®	2,939	(0.2)%	7.2%	7.2%	33.7%
S&P 500®	5,124	(0.2)%	7.7%	7.7%	34.8%
Growth	3,340	(1.2)%	10.4%	10.4%	41.2%
Value	1,791	1.0%	4.7%	4.7%	27.8%
S&P 400®	2,952	1.5%	6.4%	6.4%	22.4%
Russell 2000®	2,083	0.3%	3.0%	3.0%	19.3%
MSCI World Ex USA	2,371	2.4%	5.4%	5.4%	18.0%
MSCI Emerging Markets IMI	1,071	1.1%	1.5%	1.5%	13.0%

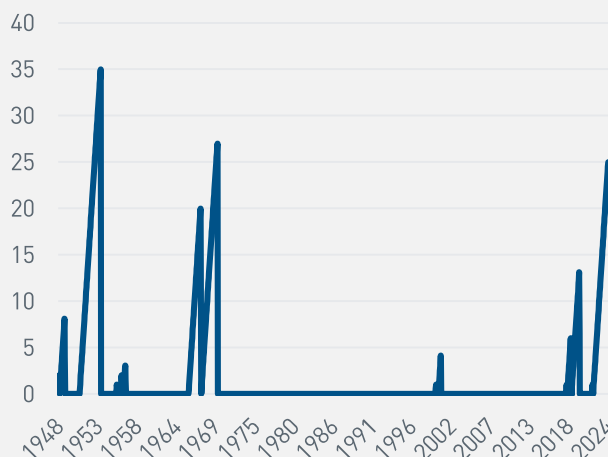
	Total (USD)				
	YTW	1 Week	QTD	YTD	1 Year
Bloomberg US Agg	4.73%	0.8%	(0.5)%	(0.5)%	3.5%
Bloomberg Corp Inv Grade	5.23%	0.9%	(0.4)%	(0.4)%	6.3%
Bloomberg US Corp HY	7.72%	0.5%	1.0%	1.0%	12.5%
Bloomberg EM USD Agg	7.12%	0.7%	0.8%	0.8%	8.8%

	Total (USD)				
	Price	1 Week	QTD	YTD	1 Year
US Dollar / Euro	1.10	1.1%	(0.8)%	(0.8)%	4.4%
Japanese Yen / US Dollar	147.05	(2.1)%	4.3%	4.3%	7.7%
Chinese Yuan / US Dollar	7.19	(0.1)%	1.4%	1.4%	4.1%
Bloomberg Commodity Index	98.00	0.9%	0.4%	0.4%	(6.3)%
Gold (\$/oz)	\$2178.6/oz	4.4%	5.5%	5.5%	10.8%
Crude Oil (\$/barrel)	\$78.01/bbl	(2.3)%	10.0%	10.0%	8.0%
Copper (\$/lb)	\$3.885/lb	0.9%	0.3%	0.3%	4.6%

As of 3/8/2024. Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

Chart of the Week

Consecutive Months Below 4% Unemployment



As of 3/8/2024. Source: Bloomberg L.P.

- February's payroll report showed a headline unemployment rate of 3.9%. This marks the 25th consecutive month of the unemployment rate running below 4%, the longest streak since the late 1960s.
- While marking an uptick from last month's rate of 3.7%, we believe the overall level, which remains near historical lows, matters far more than the month-to-month change.
- Given recent economic data, we reiterate our view that the business cycle is slowing rather than headed for an imminent recession and maintain our emphasis on quality allocations.

Economic Updates

Previous Week

- Change in Nonfarm Payrolls (U.S.): 275k
- ISM Services PMI (U.S.): 52.6
- ECB Rate Decision: 4.50-4.75% (unchanged)
- GDP q/q & y/y (E.U.): 0.0%, 0.1%

This Week

- CPI y/y (U.S., GE)
- PPI y/y (U.S. JP)
- Retail Sales m/m (U.S.)
- GDP q/q (JP)

Equity Size and Style Returns

	MTD Total Returns		
	Value	Core	Growth
S&P 500	1.3%	0.6%	(0.0)%
S&P 400	2.0%	2.2%	2.4%
Russell 2000	1.1%	1.4%	1.7%

	YTD Total Returns		
	Value	Core	Growth
S&P 500	4.7%	7.7%	10.4%
S&P 400	0.7%	6.4%	11.9%
Russell 2000	(0.3)%	3.0%	6.4%

	MTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	3.2%	3.2%	3.2%
MSCI World Ex USA Small	3.6%	3.2%	2.8%
MSCI Emerging Markets IMI	1.1%	1.5%	1.9%

	YTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	3.0%	5.4%	7.8%
MSCI World Ex USA Small	1.4%	1.7%	2.1%
MSCI Emerging Markets IMI	1.5%	1.5%	1.5%

Equity Valuations

	Moving Average (days)					
	P/E	P/E 3Yr Avg	Dividend Yield (%)	50	100	200
Russell 3000	20.6 x	19.3 x	1.32	2,824	2,694	2,611
S&P 500	20.5 x	19.0 x	1.34	4,924	4,701	4,551
Growth	27.0 x	23.3 x	0.60	3,187	3,031	2,924
Value	15.9 x	15.8 x	2.24	1,736	1,664	1,618
S&P 400	15.6 x	14.4 x	1.43	2,797	2,669	2,625
Russell 2000	22.8 x	21.9 x	1.32	4,967	4,726	4,677
MSCI World Ex USA	13.9 x	13.7 x	3.02	2,256	2,175	2,146
MSCI Emerging Markets IMI	12.0 x	12.1 x	2.82	1,036	1,015	1,014

Fixed Income Valuations

	Duration (yrs)	OAS (bps)
Bloomberg US Agg	6.3	39
Bloomberg Corp Inv Grade	7.1	95
Bloomberg US Corp HY	3.2	314
Bloomberg EM USD Agg	6.1	283

Data as of 3/8/24 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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