

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned 3.22% and 3.23% respectively in March.
- ▶ Within the S&P, all of the 11 sectors posted positive returns. The Energy sector was the best performer for the month, returning 10.60%, while the second-best performing sector, Utilities, posted a return of 6.62%. Consumer Discretionary was the worst performing sector, posting a return of 0.10%.
- ▶ Positive returns were seen across all capitalizations, with small-caps (Russell 2000) returning 3.58%, mid-caps (Russell Mid Cap Index) returning 4.34%, and large-caps (Russell 1000 Index) returning 3.21%. Value stocks outperformed growth stocks across all capitalizations.
- ▶ According to FactSet Earnings Insight as of March 28, 2024, the expected year-over-year earnings growth rate for the S&P 500 for the first quarter of 2024 is 3.6%, a slight decline from the December 31, 2023 estimate.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned 3.13%. Developed markets, represented by the MSCI EAFE Index returned 3.29%, as Europe (MSCI Europe Index) returned 3.74%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 2.48% in March, as weak returns in China (MSCI China Index) and India (MSCI India Index) dragged on performance, with returns of 0.94% and 0.81% respectively.
- ▶ Within the ACWI ex-U.S. Index, all of the 11 sectors posted positive returns. Materials was the best performing sector, with a return of 5.90%. Energy, the second-best performer in March, posted a return of 5.01%. Consumer Staples was the worst performing sector, posting a return of 0.43%.

Fixed Income

- ▶ Treasury yields held flat or fell slightly along the yield curve, as markets adjusted their rate cut assumptions. On the long end, the yield on the 10-year fell by 5 basis points (bps) and the yield on the 30-year fell by 4 bps. While on the shorter end, the yield on the 2-year remained flat and the 5-year fell one basis point, causing the Broad Treasury Index to return 0.60% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned 0.92% in March. Investment-grade (IG) credit as a whole returned 1.23%, AAA-rated bonds returned 0.64%, AA-rated bonds returned 1.08%, A-rated bonds returned 1.19%, and BBB-rated bonds returned 1.39%. High-yield corporates, as represented by Barclays High Yield Index, saw a positive return of 1.18% during the month.

Diversifying Assets

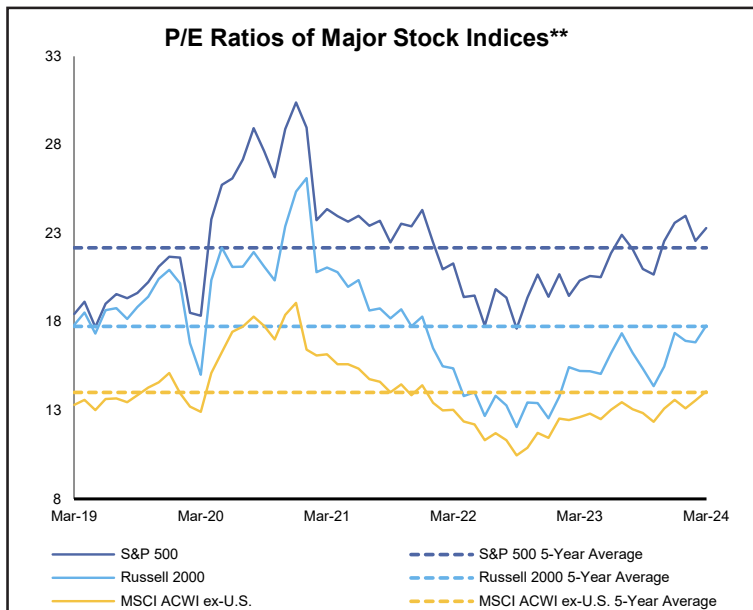
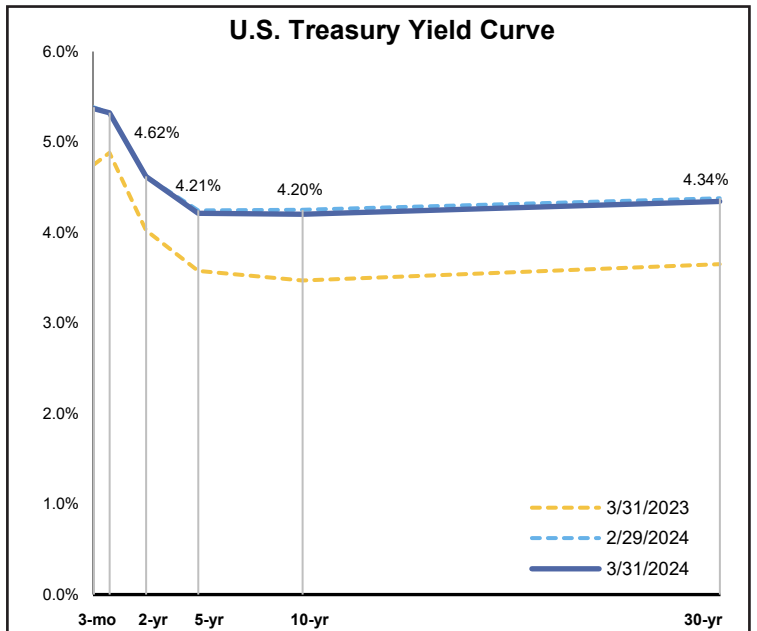
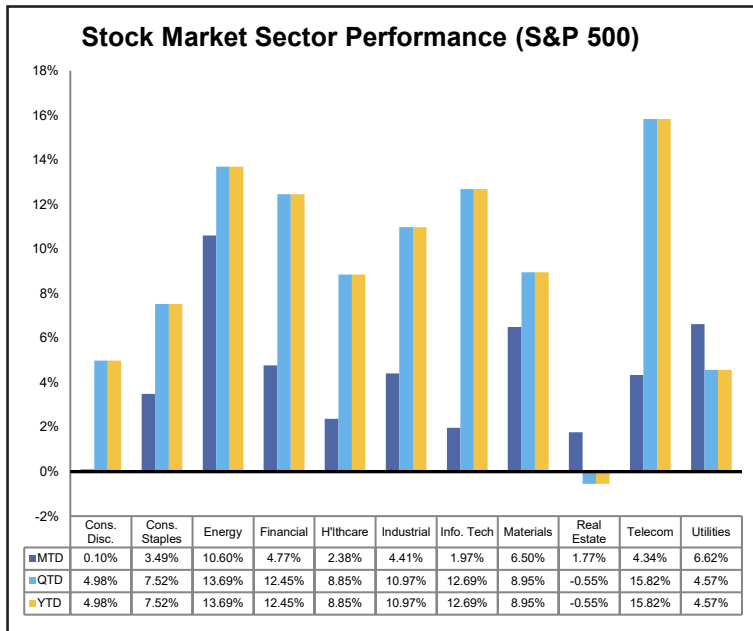
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned 2.06% in March. Seven of the nine real estate sectors had positive returns for the month. The Office sector did the best, returning 4.56%. The worst performing sector of the month was Data Centers, returning -5.03%. Listed infrastructure, represented by the MSCI World Infrastructure Index, returned 1.73% for the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude rose to \$83.17/barrel in March, up \$4.91 from \$78.26/barrel at the end of February on concerns that escalating geopolitical tensions in the Middle East could crimp supply.

Items to Watch

- ▶ The Federal Open Market Committee (FOMC) continued to hold rates steady in March at 5.50% as Fed officials need “greater confidence” that inflation is slowing sustainably to 2%. Looking forward, while the committee revised both their projections for growth and inflation slightly higher, three rate cuts are still expected for 2024.
- ▶ Globally, most major central banks also held rates steady, with the European Central Bank (ECB) and the Bank of England (BOE) both pausing despite increasing pressure from poor economic growth. The Central Bank of Japan bucked this trend, raising its key interest rate for the first time in 17 years. This came as Japan’s biggest employers agreed to a 5.28% wage increase after negotiations with unions (in March). This is the biggest rise in over 30 years, and is expected to push up prices.
- ▶ The U.S. saw manufacturing conditions improve in March as the ISM Manufacturing Index turned expansionary with a reading of 50.3, the first non-contractionary result in over a year, as demand increased. The service sector, which accounts for more than two-thirds of the economy, continues to expand, though at a slowing pace, with a March reading of 51.4.
- ▶ The unemployment rate ticked down slightly from the previous month’s two year high, coming in at 3.8%. The labor participation rose slightly to 62.7%, while average hourly earnings year-over-year growth cooled to 4.1%, which bodes well for easing wage pressures on inflation without a large increase in unemployment.
- ▶ As the labor market continues to hold strong, the Michigan Consumer Sentiment survey rose to 79.4 in March, the highest reading since July 2021 as consumer assessments of both current conditions and the economic outlook brightened. This positive outlook suggests continued strength in consumer spending though at what rate is to be determined.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.22%	10.55%	10.55%	29.86%
Russell 3000	3.23%	10.02%	10.02%	29.28%
Russell 2000	3.58%	5.17%	5.17%	19.66%
Russell 1000	3.21%	10.29%	10.29%	29.85%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	3.13%	4.68%	4.68%	13.26%
MSCI EAFE	3.29%	5.78%	5.78%	15.32%
MSCI Emerging Markets	2.48%	2.37%	2.37%	8.15%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	0.92%	-0.78%	-0.78%	1.70%
Bloomberg Barclays Global Agg	0.55%	-2.08%	-2.08%	0.49%
Bloomberg Barclays U.S. HY	1.18%	1.47%	1.47%	11.15%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
FTSE Global Core Infrastructure	3.49%	1.75%	1.75%	4.14%
FTSE NAREIT Equity	1.73%	-0.62%	-0.62%	8.96%
Bloomberg Commodity	2.89%	0.85%	0.85%	-5.70%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.8%	3.9%
Initial Jobless Claims (4 week average)	211 K	211.8 K
CB Leading Economic Indicators	0.1	-0.4
Capacity Utilization	78.3%	78.3%
GDP (annual growth rate)	3.4%	4.9%
University of Michigan Consumer Confidence	79.4	76.9
New Home Starts	662 K	664 K
Existing Home Sales	4.4 MM	4 MM
Retail Sales (YoY)	1.5%	0.6%
U.S. Durable Goods (MoM)	1.4%	-6.9%
Consumer Price Index (YoY)	3.2%	3.1%
Producer Price Index (MoM)	1.4%	0.0%
Developed International*	12/31/2023	9/30/2023
Market GDP (annual rate)	1.5%	1.6%
Market Unemployment	4.4%	4.4%



Source: Bloomberg. Data as of March 31, 2024, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of December 31, 2023 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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