



Old Second
WEALTH MANAGEMENT



RIVERSTREET
ADVISORS, LLC

Monthly Mosaic | March 5, 2024



Perspective

Despite “Leap Day” being historically unremarkable from the context of market performance, Leap Day 2024 marks the day the NASDAQ composite crossed over the 16,057 resistance level set 27 months earlier. As the breadth of the recovery expands, it is likely the Mid-cap stocks will follow suit and if economic woes subside the international markets are likely to follow. Still, economists remain wary of an eminent recession stemming from a continued tight monetary policy from the Fed and the bears jump on board pointing to anything from geopolitical risks, a government shutdown, negative money supply, or an inverted yield curve. In fact the Federal Reserve Bank of New York estimates a 61% chance of recession by next January. Keep in mind the markets are a forward looking voting mechanism of expected economic conditions.

The Conference Board, which publishes the U.S. Leading Indicators has updated their outlook and is no longer forecasting a recession. Though the index has had a good track record in predicting U.S. recessions, it is not perfect and the level of the index is not as important as the direction when determining a more positive economic outlook. In upgrading their outlook the Board sights strengthening indicators as it relates to business activity, labor markets, sentiment, and inflation. We believe cautious optimism remains appropriate with household debt rising and the Fed’s stance on interest rates providing friction to a more optimistic economic outlook. With expectations of rate cuts and a normalized credit environment in the second half of the year, a subdued growth rate around 2% is anticipated.

On the election front, Super Tuesday is expected to have very lopsided results. Despite Nikki Haley winning her first primary on Sunday in the District of Columbia the primary tone is likely to change. As the field for the November election becomes more clear, we would anticipate a transition toward a debate of issues related to candidate agendas but it may be different this time! It appears likely to be the most juvenile election cycle in history from the two oldest candidates ever to run for the highest office of the land.

From an investment perspective though, we know that investment performance has not been substantially different regardless of who wins the election or what party controls congress. We also know that monetary policy is much more important to market performance. In consideration of this, possibly the largest determinant of November results will be whether the Fed initiates rate cuts sooner rather than later. A delay in cuts may leave the electorate feeling like they have a little less than four years ago; tipping the outcome toward a change in Washington while a more aggressive rate cutting policy by the Fed would spur the economy and tip results in favor of the incumbent.



Monthly Recap

- Fed Chair Jerome Powell doubled down indicating on a 60 Minutes interview that the Fed would need to see more good data before considering rate cuts.
- Ford averted a strike at its largest U.S. plant after the local UAW threatened a walkout of almost 9,000 workers at the Kentucky truck plant. It had been five months since the contract deadline with the local union until this tentative agreement was reached.
- Kicking the can down the road! The House passed a funding bill, pushing back a partial shutdown date to March 8th and full shutdown to March 22nd.
- Congress passed a short-term spending bill to avert government shut-down, funding agencies into March.



Markets

Market Indices	Total Return as of: 2/29/2024		
	MTD %	YTD %	1-Year %
S&P 500 Index	5.34%	11.96%	30.43%
NASDAQ Composite	6.22%	13.36%	41.69%
Russell 2000 Index	5.65%	13.96%	10.00%
MSCI EAFE Index	1.86%	7.92%	15.11%
MSCI Emerging Markets	4.78%	3.86%	9.11%
BBG US Aggregate Bond	-1.41%	2.08%	3.33%
WTI Crude Oil	3.18%	3.03%	1.57%
Gold	0.23%	0.39%	11.90%



Interest Rates

	Close 2/29	Prior Month	Year Ago
Fed Funds Target	5.50%	5.50%	4.75%
6-Month US Treasury	5.31%	5.18%	5.14%
2-Year US Treasury	4.62%	4.21%	4.88%
10-Year US Treasury	4.25%	3.88%	4.00%

The Month Ahead

MARCH 8TH

Unemployment Rate & Average Hourly Earnings

MARCH 12TH

Consumer Price Index Report & Treasury Budget

MARCH 14TH

Producer Price Index Report & Retail Sales

MARCH 20TH

FOMC Policy Statement

MARCH 21ST

Conference board U.S. Leading Index

MARCH 29TH

Personal Spending & Personal Consumption Expenditures Index Report

Questions?

Your Wealth Management team is here to answer.

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