



## The Markets

The economy appears to be slowing down.

Last week, many investors were focused on economic data. The Personal Consumption report offers information about Americans' income and spending over the previous month. It includes one of the Federal Reserve's preferred inflation gauges, the personal consumption expenditures (PCE) price index. The March report showed:

- **Disposable income**, which is the amount of money available for Americans to spend and save (after taxes), rose by 1.4 percent, year-over-year.
- **The U.S. personal saving rate** moved lower, falling to 3.2 percent, year-over-year.
- **Consumer spending** was higher than expected, up 0.8 percent from February to March, as Americans spent more on both goods and services.
- **Headline inflation** increased from 2.5 percent year-over-year in February to 2.7 percent year-over-year in March.
- **Core inflation**, which excludes volatile food and energy prices, did not change from month to month and remained at 2.8 percent.

What does it all mean?

"More spending is good for the U.S. economy, with consumption accounting for more than two-thirds of the country's economic activity. But falling savings rates suggest consumers might need to extend themselves financially to keep the shopping going. Friday's data add to other evidence—such as rising credit card balances and falling excess savings—that suggests, while still strong, the consumer-spending binge won't continue forever," explained Nicholas Jasinski of *Barron's*.

Investors also had an eye on economic growth. The Fed has been raising rates to slow economic growth which, in turn, should help bring inflation lower.

One way to measure economic growth is through gross domestic product (GDP), which is the value of all goods and services produced over a specific period. Last week, data showed that U.S. GDP growth slowed in 2024. After inflation, the U.S. economy grew by 1.6 percent in the first quarter. That's down from 3.4 percent growth in the fourth quarter of 2023.

Major U.S. stock indices moved higher last week, according to *Barron's*. Yields on most maturities of U.S. Treasuries finished the week higher. However, yields moved lower on Friday after investors decided the Fed is likely to lower the federal funds rate at least once in 2024, reported Ye Xie of *Bloomberg*.

Data as of 4/26/24	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	2.7%	6.9%	25.7%	6.8%	11.7%	10.6%
Dow Jones Global ex-U.S. Index	2.1	1.6	7.4	-2.9	2.6	1.7
10-year Treasury Note (yield only)	4.7	N/A	3.4	1.6	2.5	2.7
Gold (per ounce)	-1.5	12.7	17.0	9.7	12.8	6.1
Bloomberg Commodity Index	-0.1	4.3	-0.5	4.8	5.0	-2.9

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.

**COZZIE LIVS.** In 2023, Australia's Macquarie Dictionary's word of the year was "cozzie livs", which the dictionary defines as "the average retail prices of food, clothing, and other necessities paid by a person, family, etc., in order to live at their usual standard," reported Hanan Dervisevic of the Australian Broadcasting Corporation News.

It's slang for the cost of living.

Like much of the world, Australia is experiencing a cost-of-living crisis. People have been squeezed by higher prices since 2022 when global inflation was 8.7 percent. Inflation is moving lower. It fell to 6.8 percent in 2023, according to the World Economic Outlook. That's still well above the inflation rate targets of many central banks.

In the United States, we've fared slightly better. Prices rose 6.5 percent in 2022, and 3.4 percent in 2023.

Lower inflation may explain why New York City dropped lower on the list of the world's most expensive cities. Every year, The Economist Intelligence Unit (EIU) conducts a Worldwide Cost of Living survey. In 2023, the most expensive cities in the world – tied for first – were Singapore, Malaysia, and Zurich, Switzerland.

In Singapore, "The cost of a certificate needed to own a car (which the government wants to discourage) recently topped \$106,000, reported *The Economist*.

"The three biggest climbers were Santiago de Querétaro and Aguascalientes in Mexico, and Costa Rica's capital, San José. Beijing was one of four Chinese cities among the ten biggest decliners in the ranking. That reflects the depreciation of the renminbi and the faltering of China's recovery from the pandemic. Moscow and St. Petersburg fell furthest, plummeting by 105 places to 142nd and by 74 places to 147th, respectively," reported *The Economist*.

The global cost of living could remain relatively high if the Israel-Hamas war spreads in the Middle East and energy prices rise. However, Oxford Economics forecast that global food prices will fall in 2024 as bumper harvests produce abundant supplies of many crops, reported Lee Ying Shan of CNBC.

### Weekly Focus – Think About It

"The price of anything is the amount of life you exchange for it."

—Henry David Thoreau, naturalist

Best regards,



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- 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.
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