PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

April 15, 2024

Market Commentary

Last Week's Highlights: Markets got spooked by a slightly higher than expected CPI report and trouble in the Middle East, on top of Tax Friday. The Dow was down 2.45% last week, while the S&P 500 lost 1.67%, the Nasdaq was down 0.49%, while the Russell 2000 declined by 2.98%. Bond yields were higher last week, causing bonds to decline. The BBgBarc Agg Bond Index was down 0.69% for the week and short-term bonds moved lower by 0.18%. The US dollar increased last week, but international equities still out-performed domestic equities. The MSCI EAFE Index declined 1.01%, while the MSCI Emerging Markets Index declined by only 0.25%. **Economic Data:** Another round of Fed speakers this week, with a flood of economic data. The key economic data releases this week are Retail Sales, NY Empire State Manufacturing Index, NAHB Housing Market Index, Building Permits (P), Industrial Production, Redbook Sales, Housing Starts, Capacity Utilization, Beige Book, Initial Jobless Claims, Continuing Claims, Philly Fed Manufacturing Index, Existing Home Sales, & US Leading Index. **Earnings Releases:** First quarter earnings kicks into high gear this week with more financials and Netflix. The key earnings releases this week are GS, SCHW, UNH, JNJ, PNC, JBHT, UAL, ABT, USB, KMI, OZK, SBNY, NFLX, TSM, NOK, AAL, WAL, PG, SLB, & AXP. **Takeaways:** Typically, there's not much to report over the weekend when crafting the Market Recap from the previous week, but not so this week. On Saturday evening (Israeli time), Iran launched missiles and drones at Israel in response to the Iranian embassy attacks in Damascus on April 1st. This response by Iran was highly telegraphed and largely unsuccessful. Both Israel and Iran have publicly stated since Saturday that they do not want to escalate the situation further. Time will tell. Meanwhile, market futures are up slightly on Monday morning, so perhaps markets sense easing tensions. Last week's rollercoaster came about by Wednesday's CPI report on inflation that rose 0.4%, versus 0.3% expected. This pushed Fed futures for the first rate cut to at least July versus the widely accepted June liftoff. Historically speaking, inflation, unemployment, and interest rates are well below the levels seen in the early 80s—a time when most economists and analysts (myself included) were still playing with Legos. Tax selling for Uncle Sam's annual bill plagued markets on Friday along with news of Iran's threats. Trading should be interesting this week.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-0.48%	11.31%
Industrials	-2.50%	7.93%
Energy	-1.86%	15.23%
Communication Svcs	-0.40%	17.00%
Basic Materials	-2.99%	4.68%
Consumer Cyclical	-1.27%	-0.19%
Financial Svcs	-3.56%	6.65%
Real Estate	-2.74%	-6.27%
Consumer Defensive	-1.31%	3.24%
Healthcare	-2.99%	1.96%
Utilities	-1.72%	2.51%

Key Indices	1 Week Return	YTD Return
S&P 500	-1.67%	7.86%
Dow Jones Industrial Average	-2.45%	1.32%
Russell 2000	-2.98%	-1.18%
Nasdaq	-0.49%	7.75%
MSCI EAFE	-1.01%	3.35%
BBgBarc Agg Bond	-0.69%	-2.40%
60% S&P / 40% BB Agg Bond	-1.27%	3.76%

Key Rates—as of 4/12/2024	
3mth T-bills	5.40%
2yr U.S. Treasury	4.89%
10yr U.S. Treasury	4.51%
Fed Funds	5.25%-5.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-2.84%	-1.92%	-1.17%
Mid	-3.30%	-2.32%	-2.13%
Small	-3.20%	-3.03%	-2.18%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	4.47%	9.06%	6.97%
Mid	3.32%	3.42%	6.45%
Small	-1.93%	1.66%	0.04%

See important disclosures on last page.

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Recession Indicator

The current score of our Recession Indicator suggests that there is a <u>moderate probability</u> of a recession in the next 6-12 months. The Indicator was unchanged last week. It now stands at a level of 23. NAAIM, ANCFI, and the Financial Stress Index are at a positive levels. GDP, Housing Starts, CPI (inflation), and the Savings Rate are at moderate levels. The Yield Curve, Consumer Sentiment, Unemployment, & Wages are at levels that are typically associated with recessions. After remaining unchanged for more than 3 months, the indicator is approaching the low probability level.

Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

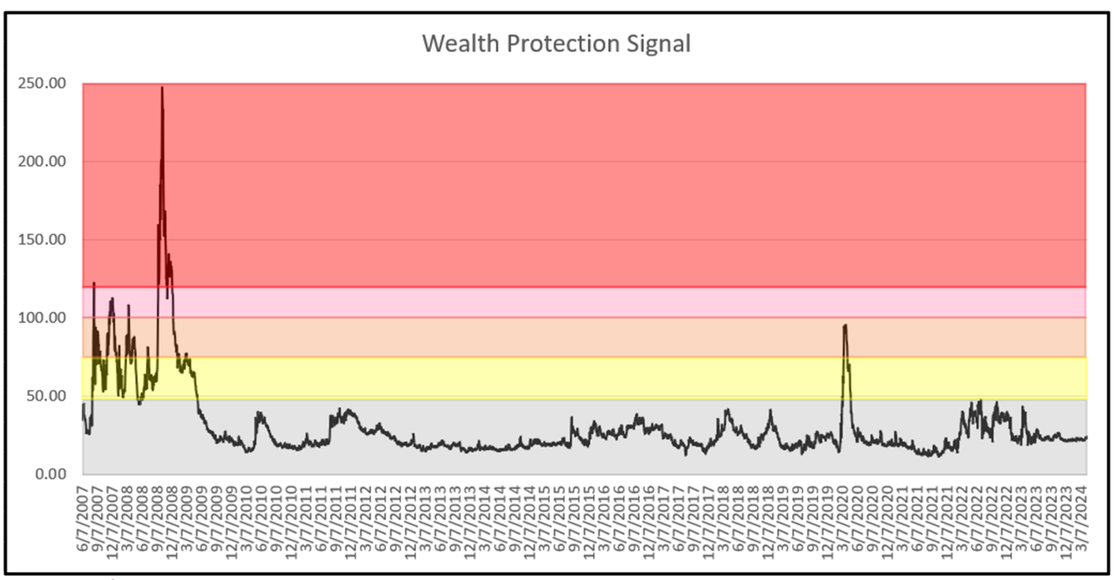
Wealth Protection Signal

<u>Description</u>

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

<u>Current Level</u>

The current level of the Wealth Protection Signal is at 24.33 as of Friday's close on April 12th, 2024. The Signal increased 3.0% from the previous week's close as markets were shocked on Friday by conflict in the Middle East. The Signal would need to increase 85% to reach the 1st trigger point. The Wealth Protection Signal is currently indicating that investors should have a <u>0% cash-weighting</u> as a defensive position within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
24.33
4/12/2024

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.