March 2024 | Vol. XXII

THE MARKET MEMO

DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

March was a month of new records. All three major equity indices — the S&P 500, Dow Jones Industrial Average, and Nasdaq — hit all-time highs, and equity markets were positive for the fifth month in a row. The equity market rally was driven by mega-cap tech stocks, the broadening of the market, and optimism that the Federal Reserve (Fed) would deliver rate cuts later this year.

“Equity markets rose to record highs as the Fed is still expected to cut interest rates three times and deliver a soft, non-recessionary landing, which is supportive for corporate earnings,” said Raymond James Chief Investment Officer Larry Adam. “That growing optimism appears to have been priced into the equity market with valuations now at stretched levels — the highest over the last 20 years outside of COVID.”

Bond yields were largely unchanged this month, sitting close to the upper end of their year-to-date range as the March rate cut didn’t materialize and the first rate cut now seems likely to happen in June or July. A record amount of issuance in investment grade corporate bonds was met with strong demand by investors as yields remain attractive even as credit spreads narrow.

The U.S. economy remains on solid footing, supported by strong job gains, improving housing activity metrics, and growing consumer spending.

The equity market’s strong start likely increases the likelihood of near-term volatility. It typically experiences three to four pullbacks of 5% or more each year and hasn’t had one since September 2023. But long term, our overall outlook remains positive.

As ever, we remain committed to the pursuit of your financial goals and thank you for your continued trust. If you have any questions regarding this recap – or any other topic – please reach out at your earliest convenience. We’ll be glad to hear from you.

Sincerely,

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