

Equities

Stocks struggled to overcome a rise in long-term yields. The S&P 500 lost -0.95%, its worst week since the beginning of the year. Strong economic data sent rates up, punishing rate-sensitive defensives like real estate and utilities while cyclicals were more resilient. Low quality growth stocks took the brunt of the pain, while higher-quality value stocks escaped the week relatively unscathed. A slew of investor surveys show market sentiment close to multi-year highs, raising concerns of a pullback. Foreign stocks outperformed modestly last week and have kept pace with their U.S. counterparts over the past two months.

Fixed income

Fed rate cut expectations held onto the prior week's retracement to 2-3 rate cuts in 2024, and continued to walk back the timing – markets now expect the first cut in July. This reassessment pushed rates up across the curve, although mid-week the move was tempered by Fed Chair Powell who reiterated conviction that the Fed would cut rates this year. 10-year Treasury yield tried multiple times last week to gain a foothold above 4.40% but stalled at that level to end the week, up 20 bps.

Commodities

Oil prices shot past \$85/bbl for the first time since October and finished at \$87/bbl. A combination of restrained OPEC production, slightly improved China growth sentiment, and fresh concerns around escalation in the Middle East have driven oil up 12% since Mid-March. Brent now trades at a \$5 premium to WTI, the most in a year and a sign of Brent's greater sensitivity to geopolitical tensions. Gasoline prices broke past \$3.50/gal.

Economic overview

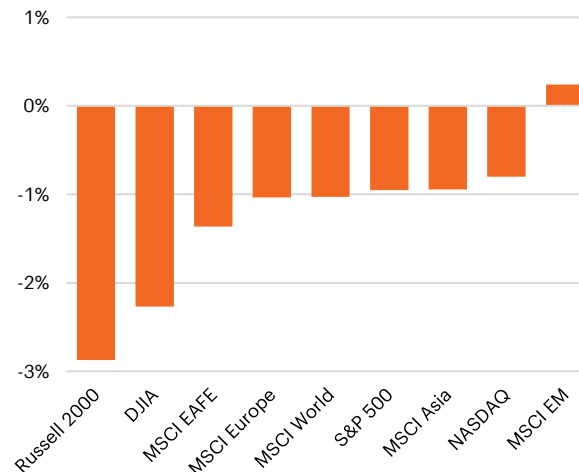
Payrolls blew past expectations – again – and added 303,000 jobs in a report that was broadly positive with broad-based hiring. The unemployment rate slid to 3.8%, as expected, and has been below 4% for over two years. Average hourly earnings rose 0.3% m/m, holding gains at 4.1% year-over-year. On Monday, the ISM Manufacturing survey also surprised by rising to 50.3 in March, the first time above the 50/50 boom/bust threshold since October of 2022. The prices paid subindex surged to 55.8, the highest since mid-2022 when CPI inflation peaked at over 9%.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,204.34	-0.95%	-0.95%	9.11%	24.23%
DJIA	38,904.04	-2.27%	-2.27%	3.22%	13.70%
NASDAQ	16,248.52	-0.80%	-0.80%	8.24%	43.42%
Russell 2000	2,063.47	-2.87%	-2.87%	1.80%	15.09%
MSCI World	3,402.36	-1.03%	-1.03%	7.36%	21.77%
MSCI Europe	2,091.44	-1.04%	-1.04%	3.52%	16.68%
MSCI EAFE	2,317.36	-1.36%	-1.36%	3.63%	15.03%
MSCI Asia	175.21	-0.94%	-0.94%	3.44%	8.76%
MSCI EM	1,045.71	0.24%	0.24%	2.15%	7.04%
VIX	16.03	3.02	3.02	3.58	(9.22)

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,122.50	-1.06%	-1.06%	-1.83%	5.53%
Inv. grade bonds	3,170.41	-1.18%	-1.18%	-1.57%	8.52%
High yield bonds	2,504.17	-0.49%	-0.49%	0.98%	13.45%
Leveraged Loans	3,822.80	0.13%	0.13%	2.54%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	22,884.69	-3.08%	-3.08%	-4.34%	11.36%
REIT Index					
GS Commodity Index	601.91	3.34%	3.34%	12.37%	-12.20%
Alerian MLP Index	2,169.54	0.98%	0.98%	15.01%	26.56%

Last week's equity returns



Commodities		MTD	QTD	YTD	2023
WTI Crude	\$86.91	4.50%	4.50%	21.30%	-10.73%
Brent Crude	\$91.17	4.22%	4.22%	18.34%	-10.32%
Natural Gas	\$1.79	1.25%	1.25%	-29.00%	-43.82%
Gold	\$2,326	4.88%	4.88%	12.26%	13.45%

Currency

Dollar Index (DXY)	104.30	-0.18%	-0.18%	2.93%	-2.11%
USDCNY	7.23	0.15%	0.15%	1.88%	2.92%
Bitcoin	67,660	-2.86%	-2.86%	59.17%	157.01%

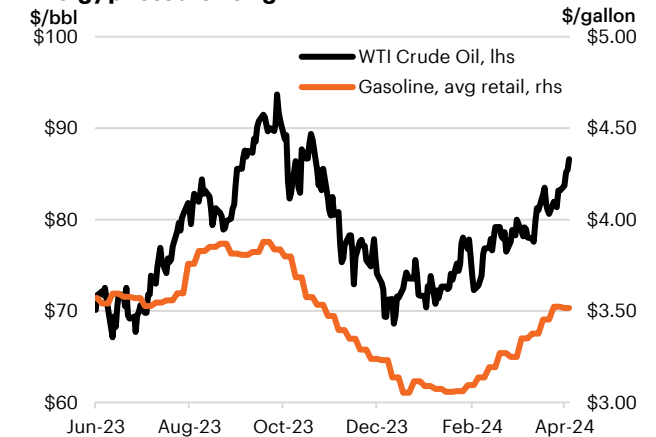
Spreads

Inv. grade bonds	89 bps	-1 bps	-1 bps	-10 bps	-31 bps
High yield bonds	303 bps	4 bps	4 bps	-20 bps	-146 bps
Leveraged loans	436 bps	-3 bps	-3 bps	-23 bps	-101 bps
Emerging markets	257 bps	-7 bps	-7 bps	-40 bps	-42 bps

Interest rates

Fed Funds Target	5.375%	5.375%	5.375%	5.375%	4.375%
SOFR	5.32%	-2 bps	-2 bps	-6 bps	108 bps
3-month LIBOR*	5.56%	0 bps	0 bps	-3 bps	83 bps
2-year Treasury	4.75%	13 bps	13 bps	50 bps	-18 bps
10-year Treasury	4.40%	20 bps	20 bps	52 bps	0 bps
30-year Treasury	4.55%	21 bps	21 bps	52 bps	7 bps
Barclays U.S. Agg	5.00%	15 bps	15 bps	47 bps	-15 bps
Inv. grade bonds	5.45%	15 bps	15 bps	39 bps	-36 bps
High yield bonds	7.84%	18 bps	18 bps	25 bps	-137 bps

Energy prices are rising



Source: Bloomberg Finance, L.P., U.S. Department of Energy, as of April 4, 2024.

Equities

S&P 500: Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

Credit

Bloomberg Barclays U.S. Aggregate Bond Index: Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

Alternatives

FTSE NAREIT All Equity REITs Index: Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

Commodities

Generic 1st Crude Oil (WTI Crude): Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

Currency

Dollar Spot Index: Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

Spreads

Bloomberg Barclays U.S. Corporate Index: Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

Interest rates

Fed funds target: Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

Sources: Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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