

Equities

U.S. stocks were mixed last week as the S&P 500 ended Q1 up 10%. Performance remained highly concentrated, with five stocks driving half the gain – and NVDA contributing a quarter of the return by itself. Small caps, while still lagging for the quarter, outperformed large caps in March as performance began to broaden somewhat. Earnings expectations for the year improved a bit due to a strong Q4 earnings season, but much of the market's return can be attributed to expansion of the P/E ratio, which rose from 19.8 to 21.2. In fact, valuations have increased 5 straight months for the first time since 2013. International equities lagged last week and YTD, with stocks in Europe and EM increasing 4.60% and 1.90%, respectively, in Q1.

Fixed income

Rates were little changed last week but broadly rose in Q1. The 10-year yield increased 33 bps over the last 3 months to 4.20%, while the policy-sensitive 2-year yield increased 37 bps to 4.62%. The Bloomberg Agg fell -0.78%, as markets reduced 2024 rate cut expectations from 142 bps to 67 bps throughout the quarter. Real rates were up only slightly, with most of the increase in long-term rates attributed to higher inflation expectations. HY bonds and loans rose 1.47% and 2.40%, respectively, as credit markets remained sanguine.

Commodities

Oil prices increased amid a resilient U.S. economy and production support from OPEC+. The U.S. began buying crude to gradually refill the Strategic Petroleum Reserve, a source of upward price pressure on the margin. China refinery activity improved, a positive sign for demand in the struggling economy. Gold soared to a fresh all-time high of \$2,230/oz, rising 8% for the quarter.

Economic overview

Q1 economic data continued to portray a healthy U.S. economy – and one that is struggling to get inflation back to 2%. Personal spending rose 0.8% in Feb, a strong sign for Q1 GDP, boosted by a similar gain in wages & salaries. The U.S. consumer continues to shift their source of spending from excess savings to real wage gains. Core CPI surprised to the upside in each of the first two months of the year and remains at 3.8% y/y, though core PCE – the Fed's preferred measure – has risen a more modest 2.8% y/y. The latest Atlanta Fed Q1 GDPTracker shows a 2.3% growth forecast.

Equities (price index)		MTD	QTD	YTD	2023
S&P 500	5,254.35	3.10%	10.16%	10.16%	24.23%
DJIA	39,807.37	2.08%	5.62%	5.62%	13.70%
NASDAQ	16,379.46	1.79%	9.11%	9.11%	43.42%
Russell 2000	2,124.55	3.39%	4.81%	4.81%	15.09%
MSCI World	3,437.76	3.01%	8.47%	8.47%	21.77%
MSCI Europe	2,113.34	3.33%	4.60%	4.60%	16.68%
MSCI EAFE	2,349.42	2.78%	5.06%	5.06%	15.03%
MSCI Asia	176.88	2.28%	4.42%	4.42%	8.76%
MSCI EM	1,043.20	2.18%	1.90%	1.90%	7.04%
VIX	13.01	-0.39	0.56	0.56	(9.22)

Fixed income (total return index)		MTD	QTD	YTD	2023
Barclays U.S. Agg	2,145.23	0.92%	-0.78%	-0.78%	5.53%
Inv. grade bonds	3,208.19	1.29%	-0.40%	-0.40%	8.52%
High yield bonds	2,516.52	1.18%	1.47%	1.47%	13.45%
Leveraged Loans	3,817.88	0.80%	2.40%	2.40%	13.32%

Alternatives (total return index)		MTD	QTD	YTD	2023
FTSE NAREIT	23,611.45	1.78%	-1.30%	-1.30%	11.36%
REIT Index					
GS Commodity Index	582.48	4.40%	8.74%	8.74%	-12.20%
Alerian MLP Index	2,148.40	4.53%	13.89%	13.89%	26.56%

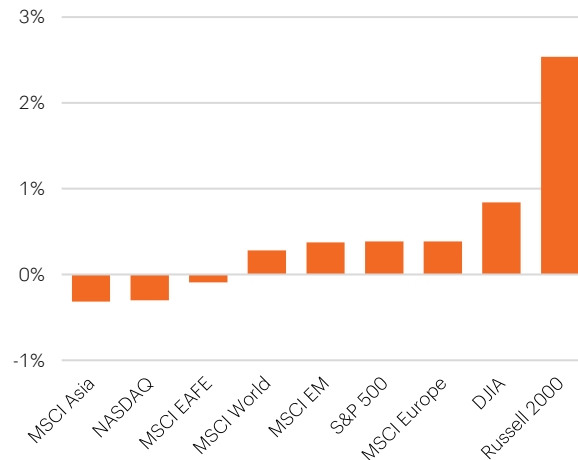
Commodities		MTD	QTD	YTD	2023
WTI Crude	\$83.17	6.27%	16.08%	16.08%	-10.73%
Brent Crude	\$87.48	4.62%	13.55%	13.55%	-10.32%
Natural Gas	\$1.76	-5.22%	-29.87%	-29.87%	-43.82%
Gold	\$2,217	7.92%	7.03%	7.03%	13.45%

Currency		MTD	QTD	YTD	2023
Dollar Index (DXY)	104.49	0.32%	3.11%	3.11%	-2.11%
USDCNY	7.22	0.47%	1.72%	1.72%	2.92%
Bitcoin	69,654	13.39%	63.86%	63.86%	157.01%

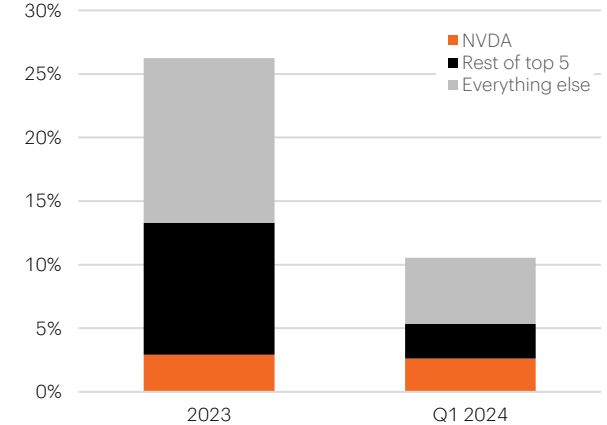
Spreads		MTD	QTD	YTD	2023
Inv. grade bonds	90 bps	-6 bps	-9 bps	-9 bps	-31 bps
High yield bonds	299 bps	-13 bps	-24 bps	-24 bps	-146 bps
Leveraged loans	439 bps	-5 bps	-20 bps	-20 bps	-101 bps
Emerging markets	264 bps	-13 bps	-33 bps	-33 bps	-42 bps

Interest rates		MTD	QTD	YTD	2023
Fed Funds Target	5.375%	5.375%	5.375%	5.375%	4.375%
SOFR	5.33%	1 bps	-5 bps	-5 bps	108 bps
3-month LIBOR*	5.56%	-4 bps	-3 bps	-3 bps	83 bps
2-year Treasury	4.62%	0 bps	37 bps	37 bps	-18 bps
10-year Treasury	4.20%	-5 bps	32 bps	32 bps	0 bps
30-year Treasury	4.34%	-4 bps	31 bps	31 bps	7 bps
Barclays U.S. Agg	4.85%	-7 bps	31 bps	31 bps	-15 bps
Inv. grade bonds	5.30%	-11 bps	24 bps	24 bps	-36 bps
High yield bonds	7.66%	-20 bps	7 bps	7 bps	-137 bps

Last week's equity returns



S&P 500 return attribution



Source: Bloomberg Finance, L.P., as of 11:00am on 3/29/24.

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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