

Weekly Market Recap

The week in review

- CPI grew 0.4% m/m (3.5% y/y) in Mar.
- Consumer sentiment declined to 79.4 in Mar.

The week ahead

- Retail sales
- Housing starts

Thought of the week

With Tax Day on April 15, it's a good time to explore the relationship between the stock market and taxes and particularly how big capital gains tax payments may impact the stock market. This week's chart shows an interesting trend: capital gains tax revenues tend to spike in fiscal years when the market undergoes significant sell-offs. In previous major market downturns, such as those in 2000, 2008 and 2022, it's plausible that capital gains tax realizations could have intensified these sell-offs.

One hallmark of a strong bull market is heavy trading as investors try to take advantage of a rising market or protect themselves against an impending correction. However, this trading results in the realization of significant capital gains, with taxes due by April of the following year. As investors fulfill their tax obligations, they often sell stocks to generate the necessary funds, leading to a drawdown in the market. This phenomenon likely played a contributing role in the sell-offs observed in 2000, 2008 and, to a lesser extent, 2022.

However, this phenomenon may be less prevalent today, due to the more widespread use of low-turnover passive investments and tax-aware strategies. Because of this, capital gains taxes relative to the size of the market are expected to be lower this year compared to the peaks witnessed in the first decade of this century. While there are some similarities between the strong stock market surge of the last 18 months and tech bubble of the 1990s, the market's vulnerability to capital gains tax payments probably isn't one of them.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5123	-1.52	-2.44	7.86	27.19	30.07
Dow Jones 30	37983	-2.36	-4.54	1.32	15.28	19.64
Russell 2000	4978	-2.91	-5.68	-0.80	14.71	-6.54
Russell 1000 Growth	2215	-0.61	-1.28	9.99	39.35	32.99
Russell 1000 Value	1045	-2.80	-4.09	4.53	14.68	18.46
MSCI EAFE	2290	-1.10	-2.32	3.35	11.20	11.48
MSCI EM	1042	-0.34	0.22	2.38	8.09	-13.85
NASDAQ	16175	-0.45	-1.23	7.97	36.67	19.56

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	5.15	-0.70	-1.75	-2.52	-0.70	-9.25
U.S. Corporates	5.59	-0.68	-1.84	-2.24	1.87	-7.95
Municipals (10yr)	3.20	-0.15	-0.73	-1.27	0.54	-1.41
High Yield	8.19	-0.58	-1.07	0.39	9.37	4.90

Key Rates	Levels (%)					
	4/12/24	4/5/24	3/28/24	12/29/23	4/12/23	4/12/21
2-yr U.S. Treasuries	4.88	4.73	4.59	4.23	3.95	0.18
10-yr U.S. Treasuries	4.50	4.39	4.20	3.88	3.41	1.69
30-yr U.S. Treasuries	4.61	4.54	4.34	4.03	3.64	2.34
10-yr German Bund	2.33	2.38	2.29	2.00	2.39	-0.29
SOFR	5.31	5.32	5.34	5.38	4.80	0.01
3-mo. EURIBOR	3.92	3.89	3.89	3.91	3.13	-0.54
6-mo. CD rate	2.33	2.32	2.33	2.23	1.85	0.17
30-yr fixed mortgage	7.01	7.01	6.91	6.76	6.30	3.27
Prime Rate	8.50	8.50	8.50	8.50	8.00	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
20.42	4.52	1.35	42970	
17.81	4.84	1.85	13518	
22.15	1.91	1.36	2487	
27.33	11.82	0.64	25897	
15.45	2.42	2.18	20912	
14.13	1.83	2.82	16492	
12.25	1.62	2.34	7190	
27.14	6.12	0.69	26219	

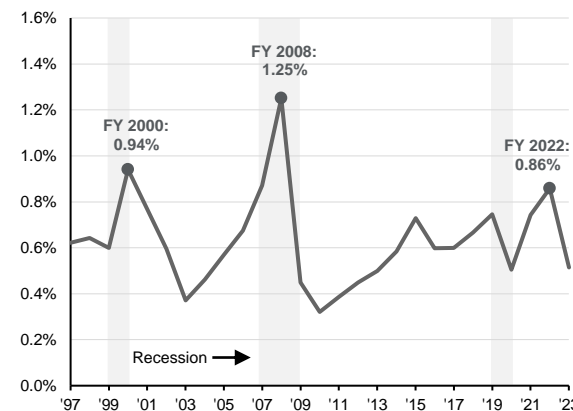
Currencies	Levels		
	4/12/24	12/29/23	4/12/23
\$ per €	1.06	1.10	1.10
\$ per £	1.24	1.27	1.25
¥ per \$	152.95	140.98	133.30

Commod.	Levels		
	4/12/24	12/29/23	4/12/23
Oil (WTI)	85.00	71.89	83.26
Gasoline	3.59	3.12	3.60
Natural Gas	1.77	2.58	2.22
Gold	2402	2078	2008
Silver	29.03	23.79	25.15
Copper	9402	8476	8803
Corn	4.26	4.59	6.72
BBG Idx	239.91	226.43	237.74

Chart of the Week

Capital gains tax revenue

% of total market cap, fiscal year



Style Returns

	V	B	G
L	-2.8	-1.5	-0.6
M	-2.9	-2.6	-2.1
S	-2.9	-2.9	-2.9
	V	B	G
L	4.5	7.9	10.0
M	3.5	4.0	5.4
S	-2.8	-0.8	1.3

S&P 500 Sector Returns

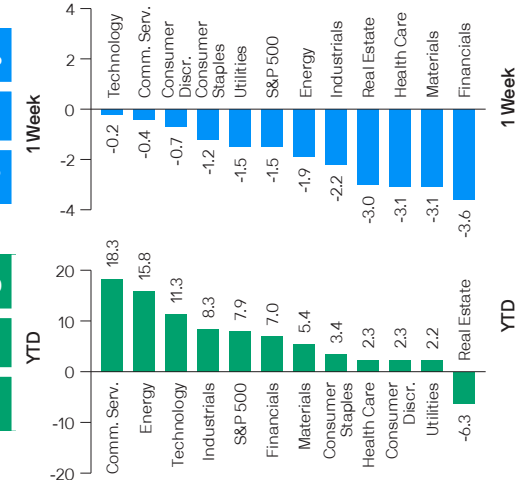




Chart of the Week: Source: Congressional Budget Office, FactSet, Wilshire, J.P. Morgan Asset Management.

Thought of the week: Source: Congressional Budget Office, FactSet, Wilshire, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.); provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period.

Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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