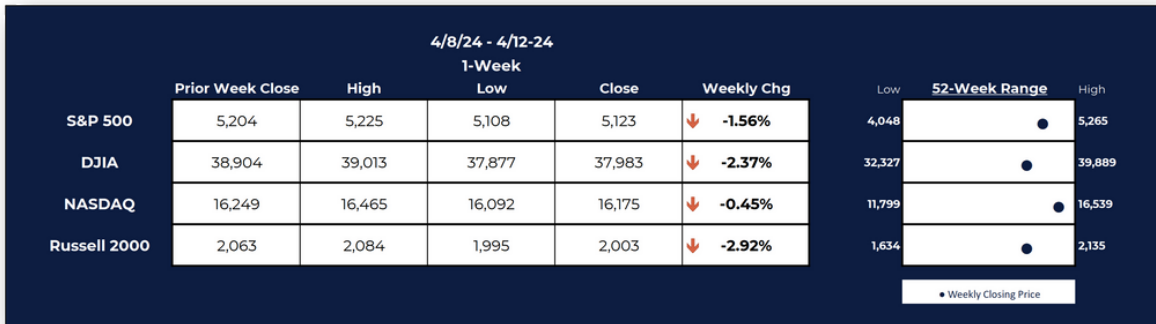


MARKET RECAP

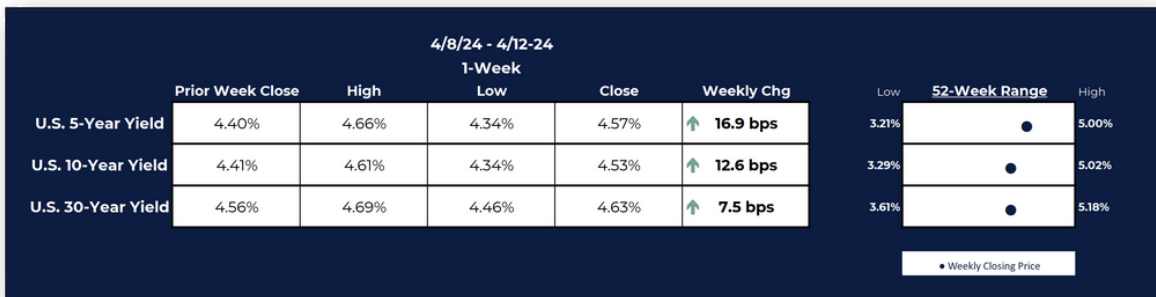
U.S. Equities

Stocks had one of their worst daily performances of the year on Friday, with major U.S. indices falling more than 1% as sticky inflation, escalating geopolitical tensions, and disappointing Q1 bank earnings (see JPM) rattled investors. On Wednesday, we saw the Consumer Price Index (CPI), rose more than expected in March, increasing 0.4% while the year-over-year jumped to +3.5% (it was +3.2% in February). Excluding food and energy prices, core CPI rose 0.4% last month and was +3.8% YoY. Then on Thursday, the Producer Price Index (PPI) showed a 0.2% gain last month, less than expected and down from the +0.6% reading in February. Year-over-year, PPI rose 2.1%, while core PPI, rose 0.2% for the month and +2.8% YoY. For the week, the S&P 500 fell 1.56%, the Dow lost 2.37%, the Nasdaq fell 0.45%, and the small-cap Russell 2000 declined 2.92%.



U.S. Treasuries

Treasury yields actually fell on Friday (a good sign for those hedging equity risk), but were still higher for the week. Yields spiked following the CPI report, with the 10-year Treasury rising back above 4.5%. Market participants have now pushed expectations of Fed rate cut to September rather than in June, per data from the CME Group's FedWatch tool. After the CPI report on Wednesday, the Fed also released their meeting minutes from March, which further confirmed the FOMC is not yet ready to lower target rates, particularly given recent inflation readings that remain above their 2% target.



Commodities

The broad-based S&P GSCI was down 0.60% as the oil rally took a breather this week, despite Brent & WTI crude gaining nearly 1% on Friday. For the week, WTI fell 1.44% to settle at \$85.66 per barrel. Both precious metals and industrial metals sub-indices were higher for the week. Copper hit its highest level in nearly two years, while gold continues to hit new record highs despite rising yields (which are typically a headwind). The precious metal has risen more than 14% year-to-date and is up ~30% from its 52-week low of \$1,8250 in October '23.



QUOTE OF THE WEEK

"Last impressions can be lasting impressions."

- DON REDELMEIER (FROM *THE UNDOING PROJECT*)

WEEKEND READS

[Two Market Stats Not To Worry About - A Wealth of Common Sense](#)

[My Dream Break from Work Wasn't What I Expected - WSJ](#)

[The Unintended Consequences of AI \[In Finance\] - Portfolio for the Future \(CAIA\)](#)

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