

PNC Weekly Market Watch

May 20, 2024

Market Outlook

Last week's release of the April Consumer Price Index (CPI) data showed inflation growth was in line with consensus expectations, at 3.4% year over year, and decelerated from the prior month's 3.5%. The report helped ease investor concerns about "sticky" inflation. The week culminated with the S&P 500®, Dow Jones Industrial Average and Nasdaq Composite indices reaching all-time highs.

The 10-year U.S. Treasury yield declined for the week; however, it also bounced off its 200-day moving average, which confirms our view that interest rates will likely remain range-bound for some time.

With the upcoming release of the Federal Open Market Committee (FOMC) meeting minutes this week, investors await further insight into the Federal Reserve's (Fed's) stance on the path forward for policy changes. Consensus continues to expect a 25-basis-point (bp) rate cut in September, and a second 25-bp cut in December of this year.

Market Performance

	Price	1 Week	Total (USD)		
			QTD	YTD	1 Year
Russell 3000®	3,032	1.6%	0.8%	10.9%	28.1%
S&P 500®	5,303	1.6%	1.1%	11.8%	28.5%
Growth	3,480	1.8%	2.1%	15.1%	32.0%
Value	1,839	1.3%	(0.1)%	8.0%	24.4%
S&P 400®	3,016	0.8%	(0.8)%	9.0%	24.8%
Russell 2000®	2,096	1.8%	(1.2)%	3.9%	20.0%
MSCI World Ex USA	2,397	1.6%	2.1%	7.7%	14.6%
MSCI Emerging Markets IMI	1,132	2.7%	5.9%	8.0%	16.8%

	YTW	1 Week	Total (USD)		
			QTD	YTD	1 Year
Bloomberg US Agg	5.04%	0.6%	(0.6)%	(1.4)%	2.1%
Bloomberg Corp Inv Grade	5.47%	0.7%	(0.6)%	(1.0)%	5.4%
Bloomberg US Corp HY	7.85%	0.4%	0.4%	1.9%	11.4%
Bloomberg EM USD Agg	7.12%	0.8%	0.4%	2.0%	9.6%

	Price	1 Week	Total (USD)		
			QTD	YTD	1 Year
US Dollar / Euro	1.09	1.0%	0.7%	(1.5)%	4.4%
Japanese Yen / US Dollar	155.42	(0.3)%	2.7%	10.2%	7.7%
Chinese Yuan / US Dollar	7.22	(0.0)%	(0.0)%	1.9%	4.1%
Bloomberg Commodity Index	105.74	3.0%	7.1%	9.4%	4.6%
Gold (\$/oz)	\$2412.2/oz	1.9%	4.9%	16.8%	10.8%
Crude Oil (\$/barrel)	\$80.06/bbl	2.4%	4.6%	15.7%	8.0%
Copper (\$/lb)	\$5.057/lb	6.8%	5.1%	24.8%	4.6%

As of 5/17/2024. Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

Chart of the Week

Retail Sales

Date of Report	Retail Sales Growth Rate (y/y)	Beat Consensus Expectations	S&P 500 Daily Return
Dec 2023	5.5%	Yes	-0.56%
Jan 2024	0.3%	No	0.58%
Feb 2024	2.1%	No	-0.29%
Mar 2024	3.8%	Yes	-1.20%
Apr 2024	3.0%	No	1.17%

As of 5/17/2024. Source: Bloomberg L.P.

- While the monthly CPI report made headlines last week, we believe markets are more focused on measures of the economic activity driving inflation, such as retail sales.
- Last week's retail sales report missed consensus expectations, which reassured investors that while consumer spending remains robust, it is not dramatically accelerating.
- We continue to believe the market's path forward is driven by expectations that the Fed's next policy action will be a rate cut rather than a hike.

Economic Updates

Previous Week

- CPI m/m & y/y (U.S.): 0.3%, 3.4%
- Housing Starts (U.S.): 1,360k
- Retail Sales m/m (U.S.): 0.0%
- GDP q/q (E.U., JP): 0.3%, -0.5%

This Week

- FOMC Meeting Minutes
- CPI y/y (U.K., JP)
- Manufacturing PMI (U.K., E.U., JP)
- Durable Goods Orders (U.S.)

Weekly Market Watch

Equity Size and Style Returns

	MTD Total Returns		
	Value	Core	Growth
S&P 500	4.4%	5.4%	6.3%
S&P 400	5.9%	5.5%	5.1%
Russell 2000	6.5%	6.3%	6.0%

	MTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	4.7%	4.8%	4.9%
MSCI World Ex USA Small	4.2%	4.7%	5.1%
MSCI Emerging Markets IMI	4.8%	5.0%	5.1%

	YTD Total Returns		
	Value	Core	Growth
S&P 500	8.0%	11.8%	15.1%
S&P 400	3.6%	9.0%	14.3%
Russell 2000	2.7%	3.9%	5.2%

	YTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	7.7%	7.7%	7.7%
MSCI World Ex USA Small	5.1%	4.3%	3.4%
MSCI Emerging Markets IMI	7.2%	8.0%	8.7%

Equity Valuations

	P/E	P/E	Dividend Yield (%)	Moving Average (days)			
				3Yr Avg	50	100	200
				3Yr Avg	50	100	200
Russell 3000	20.7 x	19.1 x	1.30	2,951	2,886	2,715	
S&P 500	20.7 x	18.9 x	1.32	5,157	5,037	4,737	
Growth	26.9 x	23.3 x	0.61	3,370	3,276	3,063	
Value	16.2 x	15.7 x	2.20	1,797	1,766	1,672	
S&P 400	15.6 x	14.2 x	1.45	2,949	2,871	2,711	
Russell 2000	22.9 x	21.3 x	1.30	5,077	5,022	4,773	
MSCI World Ex USA	14.0 x	13.5 x	3.01	2,335	2,294	2,192	
MSCI Emerging Markets IMI	12.3 x	11.9 x	2.73	1,080	1,058	1,027	

Fixed Income Valuations

	Duration (yrs)	OAS (bps)
Bloomberg US Agg	6.2	38
Bloomberg Corp Inv Grade	7.0	87
Bloomberg US Corp HY	3.2	297
Bloomberg EM USD Agg	6.1	250

Data as of 5/17/24 unless otherwise noted.

Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

These materials are furnished for the use of PNC and its clients and do not constitute the provision of investment, legal, or tax advice to any person. They are not prepared with respect to the specific investment objectives, financial situation, or particular needs of any person. Use of these materials is dependent upon the judgment and analysis applied by duly authorized investment personnel who consider a client's individual account circumstances. Persons reading these materials should consult with their PNC account representative regarding the appropriateness of investing in any securities or adopting any investment strategies discussed or recommended herein and should understand that statements regarding future prospects may not be realized. The information contained herein was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy, timeliness, or completeness by PNC. The information contained and the opinions expressed herein are subject to change without notice. Forward looking projections are based on historical trends, actual results will differ. **Past performance is no guarantee of future results.** Neither the information presented nor any opinion expressed herein constitutes an offer to buy or sell, nor a recommendation to buy or sell, any security or financial instrument. Accounts managed by PNC and its affiliates may take positions from time to time in securities recommended and followed by PNC affiliates.

Indices or Benchmarks. Indices are unmanaged, are not available for direct investment, and are not subject to management fees, transaction costs or other types of expenses that an account may incur. Indices performance results do not represent, and are not necessarily indicative of, the results that may be achieved in accounts investing in the corresponding investment strategy; actual account returns may vary significantly. For definitions of Indices/Benchmarks used herein, please refer to www.pnc.com/indexdefinitions.

The PNC Financial Services Group, Inc. ("PNC") provides investment consulting and wealth management, fiduciary services, FDIC-insured banking products and services, and lending of funds to individual clients through PNC Bank, National Association ("PNC Bank"), which is a **Member FDIC**, and provides specific fiduciary and agency services to individual clients through PNC Delaware Trust Company or PNC Ohio Trust Company. PNC provides various discretionary and nondiscretionary investment, trustee, custody, consulting, and related services to institutional clients through PNC Bank. Securities products, brokerage services as well as managed account advisory services to US based clients may be offered by PNC Investments, LLC, ("PNCI") a registered broker-dealer and a registered investment adviser and Member FINRA and SIPC. Managed account advisory services for non-US based clients may be offered by PNC Managed Account Solutions, Inc., an SEC registered investment adviser. Annuities and other insurance products are offered through PNC Insurances Services, LLC, a licensed insurance agency. This material is produced by PNC; if it has been provided to you by PNCI it has been done so as a courtesy. PNCI relies on PNC's investment strategists and economists for market and/or economic insights. PNCI is an indirect, wholly owned subsidiary of PNC.

PNC does not provide legal, tax, or accounting advice unless, with respect to tax advice, PNC Bank has entered into a written tax services agreement. PNC Bank is not registered as a municipal advisor under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"PNC" is a registered mark of The PNC Financial Services Group, Inc.

Investments, Brokerage and Insurance Products: Not FDIC Insured. No Bank Guarantee. Not a Deposit. Not Insured By Any Federal Government Agency. May Lose Value.