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

		Total (USD)			
	Price	1 Week	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%

		Total (USD)			
	YTW	1 Week	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%

		Total (USD)			
	Price	1 Week	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.)

Indices are unmanaged, not available for direct investment, and not subject to management fees, transaction costs or other types of expenses that an account may incur.

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%

	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%

	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
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

				Moving Average (days)		
	P/E	P/E 3Yr Avg	Dividend Yield (%)	*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.