

PNC Weekly Market Watch

May 13, 2024

Market Outlook

Last week, initial jobless claims came in at the highest level in nearly two years. Combined with the below-expectation jobs report from two weeks ago, it appears likely that labor markets are finally softening. Equity markets reacted with optimism, believing that to be evidence that a slower growth environment — without a recession — is possible. The “soft landing” market narrative was supported by the S&P 500® reaching its highest level in a month and moving toward a new all-time high. Domestic mid-cap equities had their best weekly performance of the year, due to strong performance from the Industrials and Financials sectors.

The recent rally in domestic equities will be tested this week by the release of April’s inflation data. While current market expectations are undecided between one or two cuts from the Federal Reserve this year, should inflation come in above expectations, investors will likely interpret it as a confirmation of fewer expected rate cuts.

Market Performance

		Total (USD)			
	Price	1 Week	QTD	YTD	1 Year
Russell 3000®	2,986	1.8%	(0.8)%	9.2%	28.3%
S&P 500®	5,223	1.9%	(0.5)%	10.0%	28.6%
Growth	3,418	1.7%	0.3%	13.1%	32.1%
Value	1,816	2.2%	(1.4)%	6.6%	24.6%
S&P 400®	2,994	2.2%	(1.6)%	8.2%	25.1%
Russell 2000®	2,060	1.2%	(3.0)%	2.1%	20.1%
MSCI World Ex USA	2,363	1.8%	0.5%	6.0%	13.2%
MSCI Emerging Markets IMI	1,103	0.7%	3.1%	5.1%	14.3%

		Total (USD)			
	YTW	1 Week	QTD	YTD	1 Year
Bloomberg US Agg	5.11%	0.1%	(1.2)%	(2.0)%	0.2%
Bloomberg Corp Inv Grade	5.55%	0.0%	(1.2)%	(1.6)%	3.1%
Bloomberg US Corp HY	7.92%	(0.0)%	(0.0)%	1.5%	10.5%
Bloomberg EM USD Agg	7.24%	0.5%	(0.3)%	1.2%	7.6%

		Total (USD)			
	Price	1 Week	QTD	YTD	1 Year
US Dollar / Euro	1.08	(0.0)%	(0.3)%	(2.6)%	4.4%
Japanese Yen / US Dollar	155.88	2.0%	3.0%	10.6%	7.7%
Chinese Yuan / US Dollar	7.22	(0.2)%	(0.0)%	1.9%	4.1%
Bloomberg Commodity Index	102.79	1.5%	4.0%	6.2%	1.6%
Gold (\$/oz)	\$2367.3/oz	3.0%	4.9%	14.6%	10.8%
Crude Oil (\$/barrel)	\$78.26/bbl	0.3%	4.6%	13.0%	8.0%
Copper (\$/lb)	\$4.6935/lb	1.0%	5.1%	16.8%	4.6%

As of 5/10/2024. Source: Bloomberg L.P., FactSet®. FactSet® is a registered trademark of FactSet Research Systems Inc. and its affiliates.

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.

Table of the Week

First-Quarter Earnings

Name	Earnings	
	Blended Growth ¹	Estimate 3/31/2024
S&P 500	5.4	3.4
S&P 500 ex-Magnificent 7	-2.2	-2.6
Communication Services	34.1	19.2
Consumer Discretionary	24.4	16.3
Consumer Staples	3.3	-0.8
Energy	-25.4	-26.8
Financials	7.7	1.7
Health Care	-25.4	-7.1
Industrials	3.8	-0.6
Information Technology	23.2	20.4
Materials	-20.6	-23.6
Real Estate	9.9	5.1
Utilities	33.4	24.1

1. Blended Growth is actual reported results combined with consensus estimates for those yet to report.

As of 5/10/2024. Source: FactSet®

- Last week, the first-quarter blended earnings growth rate improved, with contributions from all sectors except Industrials.
- While overall growth has surpassed estimates by 2% for the quarter, non- “Magnificent 7” company estimates have remained negative.
- Full-year 2024 growth estimates are now close to 11%, and fiscal year 2025 growth estimates inch closer to 14%. While consumer companies have reported modestly better results for the quarter, several have lowered guidance for the latter half of the year due to growing economic pressure.

Economic Updates

Previous Week

- Bank of England Rate Decision (U.K.): 5.25% (unchanged)
- GDP q/q (U.K.): 0.6%
- Exports y/y (CH): 1.5%

This Week

- Consumer Price Index m/m & y/y (U.S.)
- Housing Data (U.S.)
- Retail Sales m/m (U.S.)
- GDP q/q (E.U., JP)

Weekly Market Watch

Equity Size and Style Returns

	MTD Total Returns		
	Value	Core	Growth
S&P 500	3.1%	3.8%	4.4%
S&P 400	4.7%	4.7%	4.7%
Russell 2000	4.9%	4.4%	3.9%

	YTD Total Returns		
	Value	Core	Growth
S&P 500	6.6%	10.0%	13.1%
S&P 400	2.4%	8.2%	13.8%
Russell 2000	1.0%	2.1%	3.2%

	MTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	3.2%	3.1%	3.1%
MSCI World Ex USA Small	2.9%	3.1%	3.4%
MSCI Emerging Markets IMI	2.3%	2.2%	2.1%

	YTD Total Returns		
	Value	Core	Growth
MSCI World Ex USA	6.1%	6.0%	5.9%
MSCI World Ex USA Small	3.7%	2.7%	1.8%
MSCI Emerging Markets IMI	4.7%	5.1%	5.5%

Equity Valuations

	P/E	P/E	Dividend	Moving Average (days)		
				3Yr Avg	Yield (%)	
Russell 3000	20.5 x	19.1 x	1.32	2,943	2,872	2,705
S&P 500	20.5 x	18.9 x	1.34	5,142	5,010	4,720
Growth	26.5 x	23.3 x	0.61	3,359	3,254	3,049
Value	16.0 x	15.7 x	2.23	1,792	1,759	1,667
S&P 400	15.5 x	14.2 x	1.45	2,940	2,859	2,704
Russell 2000	22.6 x	21.3 x	1.32	5,073	5,012	4,766
MSCI World Ex USA	14.0 x	13.5 x	3.01	2,330	2,286	2,187
MSCI Emerging Markets IMI	12.3 x	12.0 x	2.73	1,074	1,053	1,026

Fixed Income Valuations

	Duration	OAS
	(yrs)	(bps)
Bloomberg US Agg	6.2	37
Bloomberg Corp Inv Grade	6.9	87
Bloomberg US Corp HY	3.2	298
Bloomberg EM USD Agg	6.0	256

Data as of 5/10/24 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.