

MONDAY

Tech stocks led the way on Monday, with market focus directed toward companies betting on artificial intelligence. Nvidia's CEO, Jensen Huang, announced exciting news regarding new AI chips set to come to market. One of these chips, Blackwell, is expected to power innovation in several fast-growing industries, including quantum computing, generative AI, data processing, engineering simulation, and computer-aided drug design. With Nvidia gaining as much traction as it has in recent years, major companies such as Amazon, Google, Meta, Microsoft, OpenAI, and Tesla are expected to utilize Blackwell technology. As companies such as Google and OpenAI compete to produce the most effective AI models, Nvidia has positioned itself to feed AI innovation through useful technologies such as Blackwell.

Major Stock Indices Performance Today...

S&P 500: 0.63%

Dow Jones: 0.20%

NASDAQ: 0.82%



TUESDAY

After much anticipation, the Bank of Japan released a pivot in its monetary policy - raising interest rates for the first time since 2007. Interestingly, Japan has become the last country to leave behind negative interest rates, marking a pivotal moment for Japan's economy. In 2016, Japan reduced its interest rate to below zero in an effort to stimulate its economy. After nearly two decades of easy money and low borrowing costs, the Bank has decided to tighten monetary policy to curb rising inflation. However, rates are still extremely low in Japan, around 0%, and the Bank will have to be careful in striking a balance between expanding its economy and maintaining stable inflation rates.

Major American market indices performed fairly well ahead of the Federal Reserve's March decision on monetary policy. Expectations of interest rates remaining at their current levels were nearly certain.

Major Stock Indices Performance Today...

S&P 500: 0.56%

Dow Jones: 0.82%

NASDAQ: 0.39%



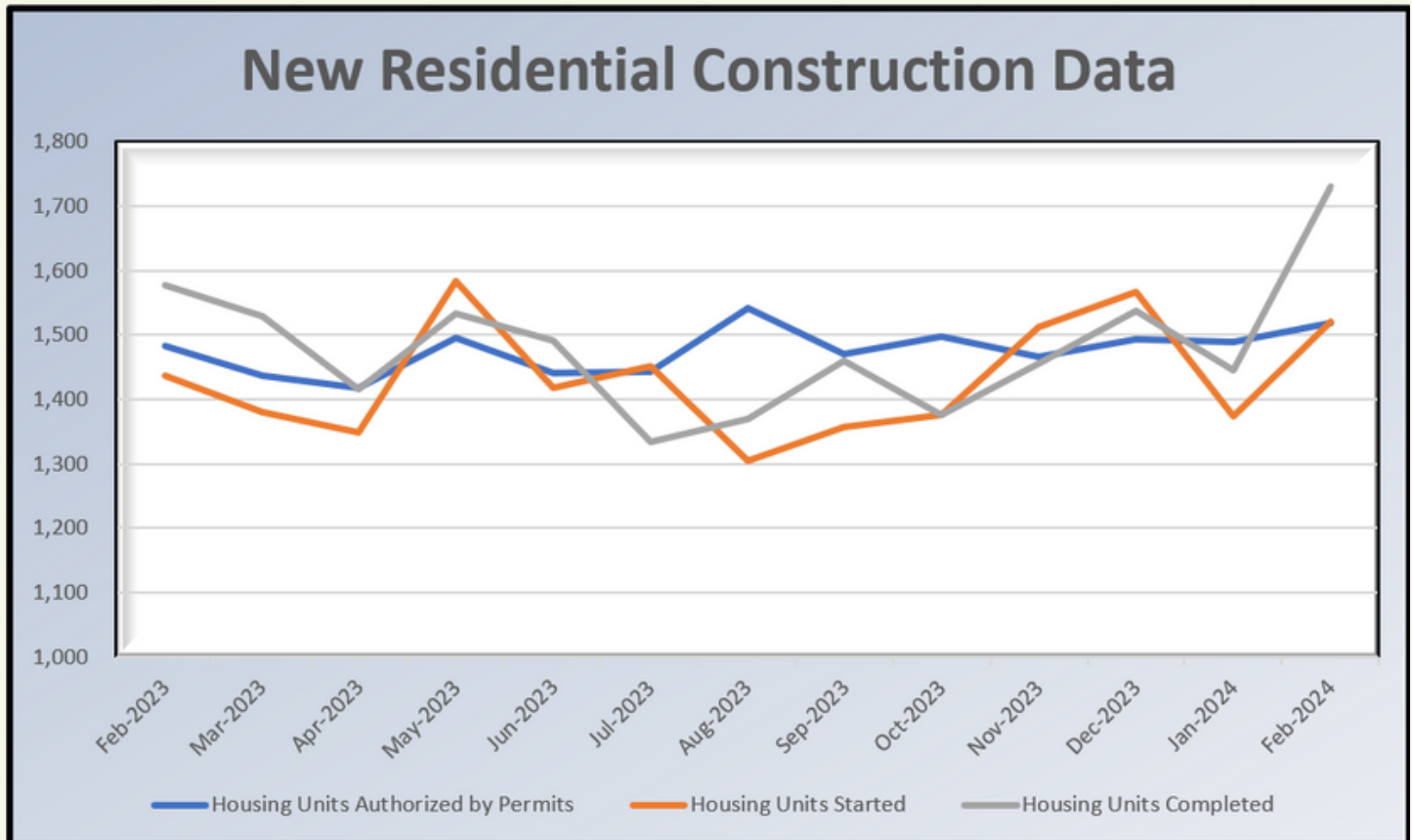
February 2024 New Residential Construction

There was nearly a 20% increase in the rate of new homes brought to the housing market in February, month-over-month. This increase put the rate of housing completions for the month at around 1.73 million, which is great news for housing supply and the potential for downward pressure to be placed on housing prices.

In addition to the current rate of completed housing units increasing at a strong pace, the rate of houses where construction began (housing starts) rose nearly 11% compared to January and almost 6% compared to February 2023. Housing starts came in at an annual rate of 1.52 million, signaling increased supply potential in the future.

The annual rate of housing units authorized by building permits rose slightly, by around 2%, to an annual rate of 1.49 million homes. Again, this is fairly good news, suggesting that supply will grow in the future, helping to somewhat balance home price volatility.

It is important to note that it is uncertain whether this increase in supply will be sufficient if demand surges upon potential rate cuts later in the year. In the event that demand outpaces supply, prices will inevitably continue to rise.



WEDNESDAY

Investors were pleased to hear that the Federal Reserve kept interest rates within their current range, 5.25%-5.50%, and expect the Fed to cut interest rates around three times this year. With rates expected to lower in the second half of this year, investors anticipate higher corporate earnings in response to the lower costs of borrowing that accompany lower interest rates. While this would be good news for growth in the United States, there are concerns that the Fed could reignite inflation if it reduces interest rates too much, too soon. If this situation were to occur, households would likely feel a further financial pinch from the higher costs of various expenses such as rent, groceries, and medical care.

Major Stock Indices Performance Today...

S&P 500: 0.89%

Dow Jones: 1.03%

NASDAQ: 1.25%



Jerome Powell Press Conference for March FOMC Meeting

The Federal Open Market Committee (FOMC) meeting in March 2024 delivered a clear message: the Fed remains focused on curbing inflation. They opted to hold steady on interest rates, keeping the target range at 5.25% to 5.50%. This decision reflects their determination to cool the economy down a notch. While economic growth is expected to slow compared to 2023, with a projected GDP growth of 2.14% in 2024, it's still positive territory. This slowdown is a deliberate attempt to combat inflation.

The labor market is another key area of focus. While it remains tight with more demand than available workers, there are positive signs. Increased labor participation and immigration are helping to balance supply and demand. As the number of workers rises and unemployment ticks up slightly, it should take some pressure off inflation.

Speaking of inflation, the Fed expects it to cool down. Their forecast predicts a decline in Personal Consumption Expenditures (PCE) inflation to 2.4% this year, reaching their target of 2% by 2026. This is a welcome relief considering inflation has been a major concern for consumers and businesses alike.

Variable	Median Economic Projections of Fed Board Members and Fed Bank Presidents in March 2024 (in %)			
	2024	2025	2026	Longer run
<i>Change in real GDP</i>	2.1	2	2	1.8
December projection	1.4	1.8	1.9	1.8
<i>Unemployment rate</i>	4	4.1	4	4.1
December projection	4.1	4.1	4.1	4.1
<i>PCE inflation</i>	2.4	2.2	2	2
December projection	2.4	2.1	2	2
<i>Core PCE inflation</i>	2.6	2.2	2	N/A
December projection	2.4	2.2	2	N/A
Memo: Projected Appropriate Policy Path				
Federal funds rate	4.6	3.9	3.1	2.6
December projection	4.6	3.6	2.9	2.5

Jerome Powell Press Conference for March FOMC Meeting

However, the Fed isn't ready to declare victory just yet. Chair Jerome Powell emphasized that interest rate cuts won't happen until they're confident inflation is on a sustained path towards the 2% target. While FOMC participants project a potential reduction to 4.6% by year-end, this hinges on the economy progressing as expected with inflation and employment stabilizing.

Another tool in the Fed's monetary tightening arsenal is balance sheet reduction. By selling securities from their holdings, they effectively remove money from circulation and slow economic activity. This process has already reduced the balance sheet by a significant amount – around \$1.5 trillion. However, the committee acknowledges the impact and plans to slow down the pace of reduction in the future.

Finally, the meeting addressed concerns about housing inflation. While Powell expressed confidence in a future decline, there's no clear timeframe. Homebuyers may have to wait a while for some relief in a market that has seen significant price increases.

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THURSDAY

Overall, major stock market indices ended the day in the positive, but Apple's stock could not say the same. The U.S. Department of Justice, along with 16 other attorneys general, filed an antitrust lawsuit against Apple for monopolizing the smartphone market. The DOJ and attorneys general complain that Apple has engaged in anticompetitive behavior by limiting app compatibility among competing smartphone devices, preventing other companies from offering Apple's recent tap-to-pay service, and making it more difficult for users with competing smartphones to message Apple users, among several other anti-competitive strategies. As stated by the Department of Justice, Apple's net income is higher than the GDP of over 100 countries, which isn't incredibly surprising, but it puts into perspective just how big of a company Apple is. In good news, this case could potentially benefit the consumer by forcing Apple to engage in fairer business practices, which would, in turn, increase competition, enhance innovation, and possibly bring down the prices of certain Apple products.

In a report from the National Association of Realtors, existing home sales were reported to have increased nearly 10% in February, pushing the median sales price of existing homes up 5.7% annually to \$384,500. While the number of home sales did increase significantly, the number of days homes spent on the market rose to 38 compared to 34 in February 2023, suggesting that demand overall has moderated. With rate cuts on the horizon, however, it is likely (but not certain) to see home prices tick up even more as homebuyers and investors take advantage of opportunities provided by lower interest rates.

Major Stock Indices Performance Today...

S&P 500: 0.32%

Dow Jones: 0.68%

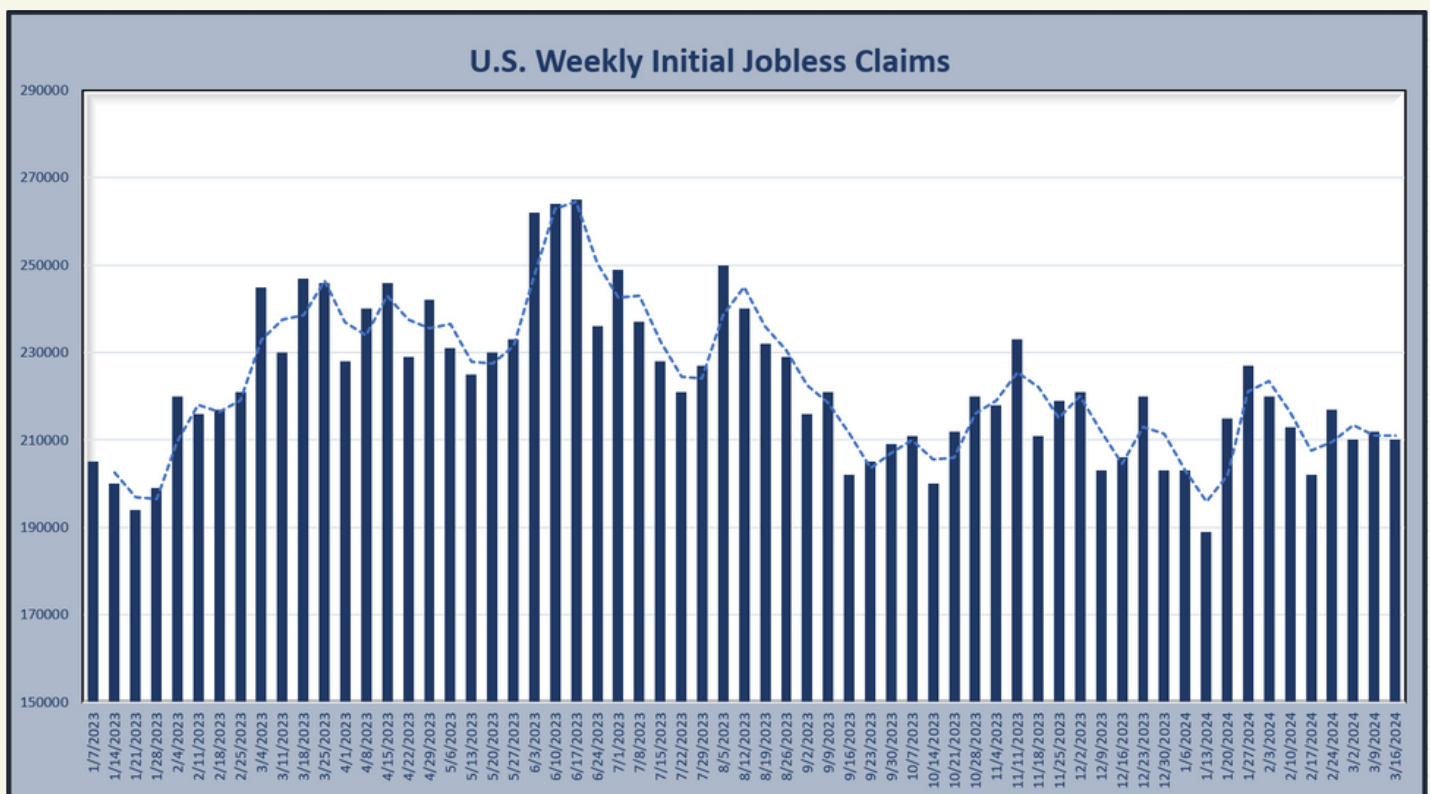
NASDAQ: 0.20%



U.S. Initial Jobless Claims (Week ending March 16th)

Initial jobless claims, representing the number of people who filed for unemployment benefits within a given period, fell by a moderate 2,000 to 210,000. This could indicate a lower number of people for the week leaving the workforce, which is ultimately a good sign for anyone currently working or looking to find work. While layoff announcements from some of America’s largest companies initially spooked analysts, the labor force appears to remain robust with jobless claims remaining low.

Continued claims, representing the number of people who filed for an initial claim but require an additional week of unemployment benefits, increased by 4,000 from the previous week to 1.807 million. As the number of people who remain on unemployment benefits rises, concern regarding employment opportunities also rises. While layoffs seem to not be too common during this time, overall employment opportunities appear to be fairly competitive, so it is important to differentiate yourself from other applicants if you are looking for a job. Practice for your interviews, build your brand and market yourself well, learn new skills, etc.



FRIDAY

While markets ended the day mixed, FedEx ended the week on a positive note, with its shares rising over 7%. After releasing its earnings results on Thursday, investors were happy to see the transportation and e-commerce company pull off strong improvements in profitability. Despite the company's revenue taking a hit from lower demand, cost-cutting tactics initiated by its DRIVE program significantly improved operating income and net income for the company. Over the past nine months ending on February 29th, FedEx increased its operating income by around 17% thanks to curbing operating expenses in salaries and employee benefits (-1%), purchased transportation (-6%), fuel (-25%), etc. Although minimizing costs is important, FedEx will eventually have to start garnering more demand to increase revenues and grow its business. For now, the company expects to continue cutting costs and experience a low single-digit decline in revenue year-over-year for fiscal year 2024.

Unlike FedEx, Friday was not a great day for Nike's stock, with the popular athletic shoe and apparel company's stock falling nearly 7%. This decline in stock valuation came primarily due to a less optimistic revenue outlook reported by Nike's management.

Major Stock Indices Performance Today...

S&P 500: -0.14%

Dow Jones: -0.77%

NASDAQ: 0.16%



MAJOR STOCK INDEX PERFORMANCE

	S&P 500	Dow Jones Industrial Average	Nasdaq Composite
Percent Change (Monday)	0.63%	0.20%	0.82%
Percent Change (Tuesday)	0.56%	0.82%	0.39%
Percent Change (Wednesday)	0.89%	1.03%	1.25%
Percent Change (Thursday)	0.32%	0.68%	0.20%
Percent Change (Friday)	-0.14%	-0.77%	0.16%
Weekly Change	2.29%	1.97%	2.85%

U.S. TREASURY SECURITY YIELDS (IN PERCENT)

	1 Mo	2 Mo	3 Mo	4 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
Monday	5.52	5.48	5.48	5.41	5.39	5.06	4.73	4.52	4.36	4.35	4.34	4.57	4.46
Tuesday	5.52	5.48	5.48	5.41	5.39	5.06	4.68	4.47	4.31	4.31	4.3	4.54	4.44
Wednesday	5.5	5.47	5.47	5.41	5.36	5.01	4.59	4.41	4.25	4.28	4.27	4.53	4.45
Thursday	5.51	5.48	5.48	5.4	5.36	5.01	4.62	4.42	4.26	4.28	4.27	4.53	4.44
Friday	5.51	5.47	5.46	5.4	5.34	4.98	4.59	4.36	4.2	4.22	4.22	4.47	4.39

LINKS TO ECONOMIC/FINANCIAL DATA FROM THIS WEEK

New Residential Construction

<https://www.census.gov/construction/nrc/current/index.html>

March FOMC Meeting Press Conference

<https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>

U.S. Initial Jobless Claims (Week ending March 16th)

<https://www.dol.gov/ui/data.pdf>

Existing Home Sales

<https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

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