

# Stock Market Recap – March 2024

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## Month in Review

- Stock and bond markets rallied during March, with broadening of results- large cap value stocks (+5.0%), small cap stocks (+3.6%), and international stocks (+3.1%) finished the month ahead of large cap growth stocks (+1.8%).
- Economic data continues to look strong in the United States. The Federal Reserve also confirmed their forecast of three 0.25% interest rate cuts in 2024.

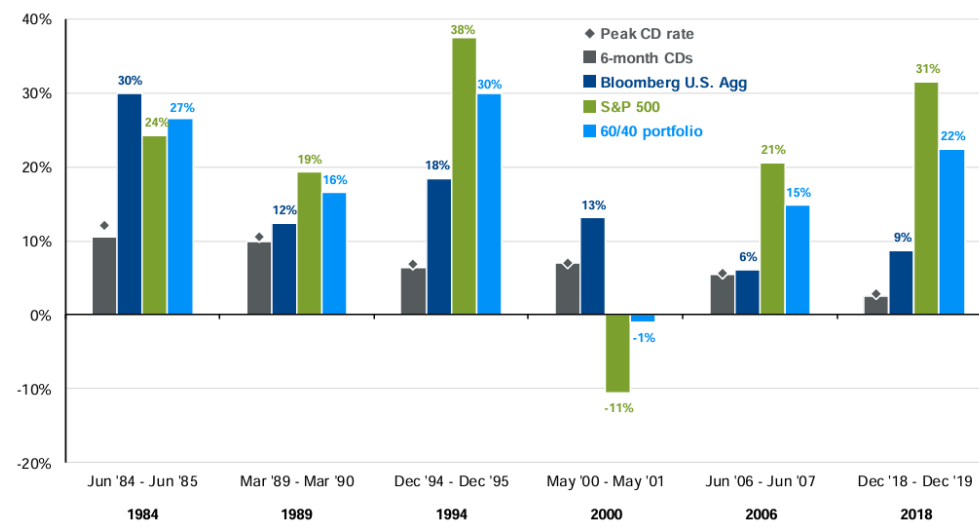
## Time to Look Beyond Cash?

Last month we discussed the difficulty in forecasting changes in interest rates. During March, investors spent the month aligning their outlook with the Federal Reserve's guidance, which remains some level of interest rate cuts sometime later this year. While the exact timing cannot be known, we do know that historically there have been opportunities to shift out of cash investments near peak interest rates.

Going back to the six previous cycles since 1984, investors have been better off investing in bonds, US stocks or a balanced portfolio compared to staying cash, during the 12-months following the peak level of interest rates. Forecasting the exact time of peak interest rates/rate cuts is fruitless, but for long-term investors there is an opportunity to look beyond cash.

### Investment opportunities outside of CDs

Peak 6-month certificate of deposit (CD) rate during previous rate hiking cycles and subsequent 12-month total returns



Source: Bloomberg, FactSet, Federal Reserve, Robert Shiller, J.P. Morgan Asset Management. The 60/40 portfolio is 60% invested in S&P 500 Total Return Index and 40% invested in Bloomberg U.S. Aggregate Total Return Index. The S&P 500 total return figure from the 1984 period was calculated using data from Robert Shiller. The analysis references the month in which the month-end 6-month CD rate peaked during previous rate hiking cycles. CD rate data prior to 2013 are sourced from the Federal Reserve, whereas data from 2013 to 2023 are sourced from Bloomberg. CD subsequent 12-month return calculation assumes reinvestment at the prevailing 6-month rate when the initial CD matures.

## What's on Deck for April?

- The Federal Reserve meets at the end of April, they are expected to hold interest rates constant. Investors will look for updates the timing of interest rate cuts and balance sheet changes during the presentation.
- The inflation report and jobs report for March will be watched by investors for signs of continued progress on the inflation front, and for any weakening in the jobs market.