Cetera® Investment Mangement

Monthly Recap

April 2024 Recap

At-A-Glance

After the S&P 500 ended March with a 3.2% monthly gain, the benchmark index experienced a 4.08% April haircut. Year-to-date (YTD), the S&P 500 is up over 6% and still up a strong 23.25% from its 10/27/2023 cycle low.

The Dow Jones Industrial Average shed over 1,991 points (-5.00%) in April, its worst month since September 2022. The pullback sharply lowered its YTD gain to under 1% (+0.92%).

The Nasdaq Composite slumped 4.83% last month, more than cutting its 9.31% March-ending YTD gain in half to 4.52%.

The benchmark 10-year Treasury yield ended April at 4.680%, up 0.48% from 4.201% in March, the largest monthly increase in yields since September 2022.

Bloomberg's Commodities Index ended April with a 2.69% gain, extending its YTD advance to 4.94%. Gold jumped 3.38% to $2,302.90/oz. in April, extending its YTD gain to nearly 11%. U.S. WTI crude oil dipped 0.13% for the month, slightly trimming its YTD gain to 18.14%.

Market Indices[1]	April	Year-to-Date
S&P 500	-4.08%	6.04%
Russell 3000	-4.40%	5.18%
Russell 2000	-7.04%	-2.22%
MSCI EAFE	-2.56%	3.08%
MSCI Emerging Markets	0.45%	2.83%
Bloomberg U.S. Aggregate Bond	-2.53%	-3.28%
Bloomberg U.S. Municipal Bond	-1.24%	-1.62%
Bloomberg U.S. Corporate High Yield	-0.94%	0.52%

[1]FactSet (all equity performance is total return, which includes dividends).

U.S. stocks ended April on a sour note with the S&P 500 falling 1.57% on the final trading day of the month, its worst single-day loss since January 31. Investors reeled after the government released a report showing employment costs rose 1.2% in the first quarter, its largest increase in a year and up 4.2% from a year ago. The increase signals renewed wage pressures and provides additional evidence that persistent inflation may force the Federal Reserve to keep interest rates higher for even longer than previously believed.

The April 30 pullback capped the S&P 500 with a loss of just over 4%, a figure only marginally better than the 4.8% decline on the tech-heavy Nasdaq Composite and a 5% loss on the Dow Industrials. April is the first negative month for U.S. stocks since October 2023, with all three averages snapping five-month winning streaks. There were only nine positive trading days for the S&P 500 last month.

Erosion in investor sentiment was also stirred by slowing business activity in the Chicago area tumbling to 37.2 from 41.4 in March. Moreover, the leading consumer confidence reading deteriorated for the third straight month in April to reach its lowest level since July 2022. Rounding out disappointing April economic data, U.S. economic growth notably cooled in the first quarter with the GDP expanding at an annual rate of 1.6%, the slowest pace in two-years. This was well below forecasts for a 2.3% increase and down from a robust 3.4% in the final quarter of 2023.

On a more positive note, the first quarter corporate earnings season is a bright spot for the markets. S&P 500 companies are growing Q1 earnings by 3.9%, according to FactSet, when blending actual results with analysts' forecasts.

With 293 of S&P 500 companies so far reporting quarterly results, approximately 76% of companies are exceeding consensus forecasts. Firms beating on both revenues and EPS are outperforming the market by 1.0% vs. a historical average of 1.7%, while ones missing on both are underperforming by -3.6% vs. the long-term average of -3.1%.

While all styles and sizes ended negative in April, Large cap Growth had the smallest loss, outperforming with nearly a 3.5% favorable differential compared to the -7.70% slump in Small cap Growth. The YTD picture echoes in a much more positive way with Large cap Growth having the strongest gain and Small cap Growth posting the smallest loss.

April Returns

	Value	Blend	Growth
Large Cap	-4.27%	-4.26%	-4.24%
Mid Cap	-5.23%	-5.40%	-5.81%
Small Cap	-6.37%	-7.04%	-7.70%

YTD Returns

	Value	Blend	Growth
Large Cap	4.33%	5.60%	6.69%
Mid Cap	2.56%	2.73%	3.14%
Small Cap	-3.66%	-2.22%	-0.70%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 4/30/2024.

Selling was broad-based in April with 10 of the 11 S&P 500 major sectors posting negative returns. Defensive oriented sectors performed best, with Utilities (1.65%) as the sole gainer while Energy and Consumer Staples fell the least. Technology (-5.43%) and Real Estate (-8.50%) fell the most. Year-to-date gains were preserved across all sectors except Real Estate (-9%). Communication Services, Energy and Financials are at the top of the 2024 leaderboard, with Technology (+6.57%) lowering its top performer rank from the prior month to fifth place at the end of April.

Top Sector Performers – April[1]	Bottom Sector Performers – April[1]
Utilities (+1.65%)	Healthcare (-5.08%)
Energy (-0.76%)	Technology (-5.43%)
Consumer Staples (-0.89%)	Real Estate (-8.50%)
Top Sector Performers – YTD[1]	**Bottom Sector Performers – YTD[1]**
Communication Services (+13.42%)	Healthcare (+3.32%)
Energy (+12.82%)	Consumer Discretionary (+0.43%)
Financials (+7.76%)	Real Estate (-9.00%)

[1] FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends)

Foreign developed equities outperformed the U.S. last month with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) down a lesser 2.56%. In MSCI country-specific indices, the United Kingdom advanced 1.48% in April while Japan slumped 4.86% and Germany lost 3.72%. Emerging markets recorded a positive return, albeit a mild 0.45% net April gain. China led gains, up 6.60% while South Korea and Brazil fell 5.76% and 4.06% respectively.

Turning to fixed-income markets, as mentioned the yield on 10-year Treasury notes ended April at 4.680%, up 0.48% for the month, its largest monthly jump since September 2022. The yield on policy sensitive two-year Treasurys climbed 0.33% to 5.043%, its first close above 5% since November 2023. With Treasury yields advancing, the Bloomberg U.S. Government Index fell 2.30% in April while the longer-duration Bloomberg index of U.S. Government long-term bonds tumbled 6.08%. Year-to-date these indices are down 3.21% and 9.12% respectively.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, also retreated, down 2.53% on the month. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, fell the least, off 0.94% last month. Municipal bonds fell 1.24% in April, extending its 2024 loss to 1.62%.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow @CeteraIM on X.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.