

# Monthly Recap

## At-A-Glance

The S&P 500 gained nearly 5% in May, more than fully erasing its 4.08% April decline. Year-to-date (YTD), the S&P 500 is up 11.30%, extending its bull run to nearly 29.36% since its last correction low on 10/27/2023.

In May, the Dow Jones Industrial Average clawed back over 870 points (+2.58%) of the 1,991 points (-5.00%) it shed in April. The partial rebound extended its YTD gain to 3.52%.

The Nasdaq Composite surged nearly 7% (+6.98%) in May, more than full reversing its 4.83% April loss. The tech-heavy index is up 11.82% YTD.

The benchmark 10-year Treasury yield ended May at 4.488%, down almost 0.20% for the month.

Bloomberg's Commodities Index ended May with a 1.76% gain, extending its YTD advance to 6.79%. Gold and silver rose 1.35% and 14.20% respectively last month, extending their YTD gains to 12.49% and 26.38%. U.S. WTI crude oil fell 6.03% in May, trimming its YTD gain to 7.45%.

Market Indices <sup>1</sup>	May	Year-to-Date
S&P 500	4.96%	11.30%
Russell 3000	4.72%	10.15%
Russell 2000	5.02%	2.68%
MSCI EAFE	3.87%	7.07%
MSCI Emerging Markets	0.56%	3.41%
Bloomberg U.S. Aggregate Bond	1.70%	-1.64%
Bloomberg U.S. Municipal Bond	-0.29%	-1.91%
Bloomberg U.S. Corporate High Yield	1.10%	1.63%

<sup>1</sup>FactSet (all equity performance is total return, which includes dividends).

Despite losses in the last week of the month, the S&P 500 had solid gains in May, capping its strongest month since February and posted gains in six of the last seven months. Of the three major U.S. equity indices, the tech-heavy Nasdaq Composite performed best in May, up nearly 7% for its best month since November 2023 and outpaced the S&P 500 by over 2%. Through May month-end the S&P 500 was up 11.30% for the year, the second-best start to an election year on record, second to only 1928. The index set two new all-time highs in May, most recently reaching 5,321 on May 21 – its 24 record high of 2024.

More broadly and elections aside, a strong first five months of a year has historically boded well for the remaining seven months. While there's no guarantee, when the S&P 500 has gained at least 8% through May, the last seven months of the year has risen 78% of the time by a median of 9.5% versus 5.2% for all June through December periods.

Stellar first quarter 2024 earnings from the leading artificial intelligence bellwether chipmaker were largely responsible for Big Tech gains in May. Overall improved Q1 earnings from S&P 500 companies also supported bullishness across the broader market. With 490 S&P 500 reporting results through May 31, Q1 earnings are beating analyst forecasts by 7.2%, with 74% topping projections.

U.S. companies are also breaking records on stock buybacks. Fresh data showed S&P 500 companies repurchased more than \$202B of their own shares during the first quarter. That's the highest quarterly amount since Q3 2022. Additionally, over 150 companies announced more than \$200B of planned stock repurchases, implying strong confidence in future earnings. The leading U.S. smartphone maker led the way with an early May announcement for a further \$110B in planned stock buybacks.

Mixed takeaways in May economic data amid a bevy of hawkish Fed comments led to increased bond market volatility throughout the month, with investors ultimately reducing their 2024 rate outlook views. The Commerce Department revised its first quarter GDP growth estimate to 1.3%, down from a 1.6% initial estimate and considerably lower than 3.4% GDP growth in Q4 2023. Moreover, consumer spending growth slowed to +0.2% in April, down from +0.7% in March. Adjusted for inflation, April's real spending declined by 0.1%.

While all styles and sizes finished positive last month, Large cap Growth performed best, outperforming Large Cap Value by over 2.8%. The reverse prevailed in Mid caps, with Value besting its Growth counterparts by over 2.5%. The YTD picture echoes more favorably with Large cap Growth having the largest gain and Small cap Growth gaining the least.

### May Returns

	Value	Blend	Growth
Large Cap	3.17%	4.71%	5.99%
Mid Cap	3.59%	2.85%	1.07%
Small Cap	4.68%	5.02%	5.36%

### YTD Returns

	Value	Blend	Growth
Large Cap	7.64%	10.58%	13.08%
Mid Cap	6.24%	5.66%	4.24%
Small Cap	0.85%	2.68%	4.62%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 5/31/2024.

In a reversal from April, 10 of the 11 S&P 500 major sectors posted gains in May, led by a double-digit return in Technology and a near 9% gain in Utilities. Energy was the sole laggard last month, off 0.39%. May's sector leaderboard gainers are also the headliners in YTD performance, albeit in a differing order led by Communication Services, up nearly 21%. Real Estate remains the sole 2024 laggard, although cutting its YTD loss in half to -4.4% from -9% in April.

Top Sector Performers – May <sup>1</sup>	Bottom Sector Performers – May <sup>1</sup>
Technology (+10.08%)	Industrials (+1.65%)
Utilities (+8.97%)	Consumer Discretionary (+0.30%)
Communication Services (+6.58%)	Energy (-0.39%)
Top Sector Performers – YTD <sup>1</sup>	Bottom Sector Performers – YTD <sup>1</sup>
Communication Services (+20.88%)	Healthcare (+5.78%)
Technology (+17.31%)	Consumer Discretionary (+0.73%)
Utilities (+15.82%)	Real Estate (-4.38%)

<sup>1</sup> FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends)

Foreign developed equities moderately trailed the U.S. last month with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) gaining 3.87% versus 4.96% for the S&P 500. In MSCI country-specific indices, Germany and the United Kingdom advanced 4.26% and 4.15%, respectively, while Japan recouped 1.34% of its 4.86% April decline. Emerging markets recorded a small positive return of 0.56% in May. Strong Taiwan (+5.30%) gains were over twice that of China (+2.40%), while Brazil retreated 5.02% after slumping 5.76% in April.

Turning to fixed-income markets, the yield on 10-year Treasury notes ended May at 4.488%, down nearly 0.20% for the month. With Treasury yields declining, the Bloomberg U.S. Government Index rebounded by 1.45% after skidding 2.30% in April. The longer-duration Bloomberg index of U.S. Government long-term bonds jumped 2.85%, its best month of the year after tumbling 6.08% the month prior.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, also performed well, up 1.70% in May. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, rose 1.10% in May while Municipal bonds fell 0.29%.

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

### **About Cetera® Investment Management**

Cetera Investment Management LLC is an SEC registered investment adviser owned by Cetera Financial Group®. Cetera Investment Management provides market perspectives, portfolio guidance, model management, and other investment advice to its affiliated broker-dealers, dually registered broker-dealers and registered investment advisers.

### **About Cetera Financial Group**

“Cetera Financial Group” refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), and Cetera Financial Specialists LLC. All firms are members FINRA / SIPC. Located at 655 W. Broadway, 11th Floor, San Diego, CA 92101.

### **Disclosures**

Individuals affiliated with Cetera firms are either Registered Representatives who offer only brokerage services and receive transaction-based compensation (commissions), Investment Adviser Representatives who offer only investment advisory services and receive fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services.

The material contained in this document was authored by and is the property of Cetera Investment Management LLC. Cetera Investment Management provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative or investment adviser representative is not registered with Cetera Investment Management and did not take part in the creation of this material. He or she may not be able to offer Cetera Investment Management portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific investment, tax, or legal advice to any individual without the benefit of direct and specific consultation with an investment adviser representative authorized to offer Cetera Investment Management services. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.

For more information about Cetera Investment Management, please reference the Cetera Investment Management LLC Form ADV disclosure brochure and the disclosure brochure for the registered investment adviser your adviser is registered with. Please consult with your adviser for his or her specific firm registrations and programs available.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

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.