WEST SHORE BANK

WEEKLY RECAP - April 8, 2024

Economic & Market Commentary

Rising bond yields put pressure on stocks last week as most indices finished moderately lower. Better than expected economic readings in manufacturing and the labor market weighed on bond yields as the 10yr treasury rose 20 basis points to 4.40% from 4.20%. As of this morning, the 10yr yield stands at 4.46%. Unexpectedly, ISM manufacturing posted an expansionary reading of 50.3% in March versus the expected contractionary reading of 48.5%. This is the first expansionary reading since September 2022. The most unsettling item was prices paid, which surprised to the upside driven higher by commodity prices. On the labor front, March payrolls posted a reading of 303,000, higher than the expected 205,000 and the unemployment rate dropped slightly to 3.8%. The one bright spot in the March payroll report was average hourly wages which advanced 4.1% over the last 12 months which is the lowest rate since June 2021. This is important as higher wages are typically considered inflationary and is a component closely watched by the Fed. The other factor that put pressure on yields were comments from Fed officials who collectively noted the bumpy path back down to 2% inflation, the search for greater confidence in the trend, and the ability to be patient afforded by the robust economy. The chances of three Fed rate cuts this year are quickly fading. This Wednesday's March CPI report is going to shed light on whether or not January and February hotter-than-expected inflation readings were just a bump in the road. Consensus for March headline and core CPI are +0.30% and +0.30% respectively and +3.4% and +3.7% y/y. If March CPI comes in higher than expected or is considered problematic, expect capital markets to come under pressure. If in-line or lower, expect capital markets to rally. Although this is only one month’s reading, markets are very anxious about inflation and future Fed actions.

Index Total Returns - April 5, 2024

	1-Wk	YTD	1-Yr
S&P 500	-0.93	9.53	29.24
NASDAQ	-0.79	8.45	36.51
S&P 400	-1.86	7.91	24.00
MSCI-Developed	-1.24	4.36	13.24
Dow Jones	-2.23	3.77	18.66
MSCI-Emerging	0.55	2.65	8.66
Russell 2000	-2.86	2.17	19.61
Barclay's U.S. Bond Index			
High Yield	-0.49	0.98	10.56
Int. Gov. Credit	-0.55	-0.70	1.26
5-year Muni	-0.41	-0.78	1.10
Municipal	-0.65	-1.03	1.72
Aggregate	-1.06	-1.83	-0.53

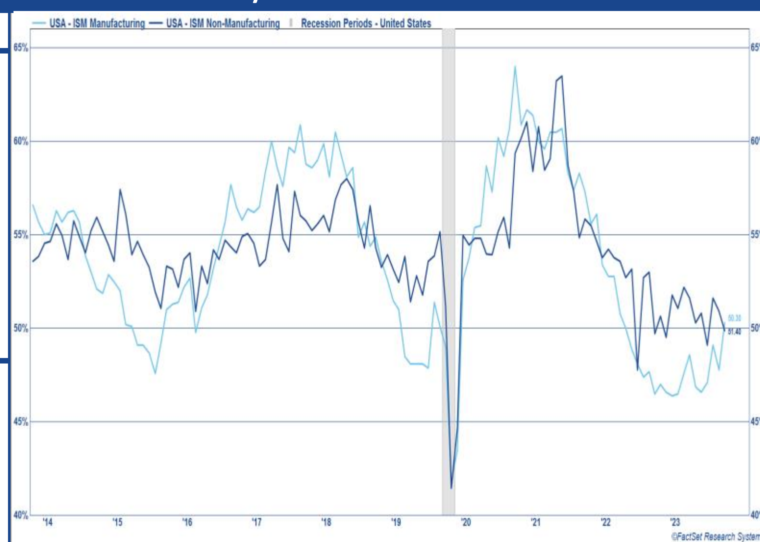
U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	5.05	5.02	4.46
U.S. 2-Yr	4.75	4.62	3.76
U.S. 3-Yr	4.56	4.41	3.54
U.S. 5-Yr	4.39	4.22	3.34
U.S. 10-Yr	4.39	4.20	3.29
U.S. 30-Yr	4.55	4.34	3.56

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.46	3.33	2.81
U.S. AA	3.48	3.35	2.95
U.S. A	3.87	3.75	3.50
U.S. Baa	4.40	4.29	4.25
U.S. Municipal	3.61	3.49	3.14
Michigan	3.78	3.65	3.30

ISM Business Activity



S&P 500 Sector Total Returns - April 5, 2024

Sector	1-Wk	YTD	1-Yr
Communication Services	2.50	18.72	52.49
Energy	3.90	18.12	16.92
Info Tech	-0.98	11.58	47.21
Financials	-1.36	10.93	32.88
Industrials	-0.24	10.71	30.77
Materials	-0.14	8.80	18.65
Health Care	-3.05	5.53	9.43
Consumer Staples	-2.66	4.67	3.48
Utilities	-0.74	3.79	-2.62
Consumer Discretionary	-1.88	3.00	30.22
Real Estate	-3.05	-4.13	6.90

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.79	18.05	1.32
S&P 400 - Mid Cap	15.66	15.52	1.42
S&P 600 - Small Cap	14.28	15.20	1.81

Sources: FactSet