

Weekly Update – April 29, 2024

Market Returns Ending 4/26/2024			
Category	1 Week	MTD	YTD
US			
Large Cap	2.7%	-2.9%	7.4%
Mid Cap	2.3%	-4.4%	3.9%
Small Cap	2.8%	-5.7%	-0.8%
International			
Developed	1.5%	-3.2%	2.5%
Emerging	2.5%	-1.3%	1.1%
Bonds			
Aggregate	-0.3%	-2.7%	-3.4%
High Yield	0.4%	-1.3%	0.2%

Key Events: Stagflation fears resurface

First quarter GDP growth was below expectations, while inflation was higher, highlighting the downside risk of stagnant growth alongside high inflation.

Earnings growth is driving markets: with 46% of the S&P 500 reporting, earnings are up 3.5% year-over-year and are expected to grow 10% in 2024.

Market review: Earnings drive a bounce in stocks

While the inflation data drove bond losses, earnings supported stock returns. Growth dominated as equities rebounded from a difficult month.

International stocks and high yield bonds gained as riskier assets rose across the board.

Outlook: Hope for the best, plan for the worst

Analysts remain optimistic, expecting a soft landing and 10% earnings growth in 2024. Earnings are likely a key driver for the remainder of the year as higher interest rates should limit growth in stock valuations.

We are hoping for a soft landing while preparing for the worst: higher inflation or a recession. These outcomes have very little traction in the market, but each warrants some thought. Inflation remains sticky in several areas.

We give thought this week to recessionary risks.

Pandemic stimulus has ended, but one thing hasn't gone away - the bill is coming due. Interest payments on government debt have doubled since the pandemic. We have added \$10 Trillion of debt between 2019 and 2023 – a 45% increase, while rates have gone from 2.5% to 4.6%ⁱ. Interest payments are a drag on growth.

We are preparing for this drag through diversification and a focus on company valuations as well as growth opportunities.

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	1.4	2.7	3.7
Mid	2.0	2.3	3.1
Small	2.2	2.8	3.4
	YTD		
	Value	Core	Growth
Large	5.3	7.0	8.4
Mid	3.6	3.9	4.6
Small	-2.2	-0.8	0.6

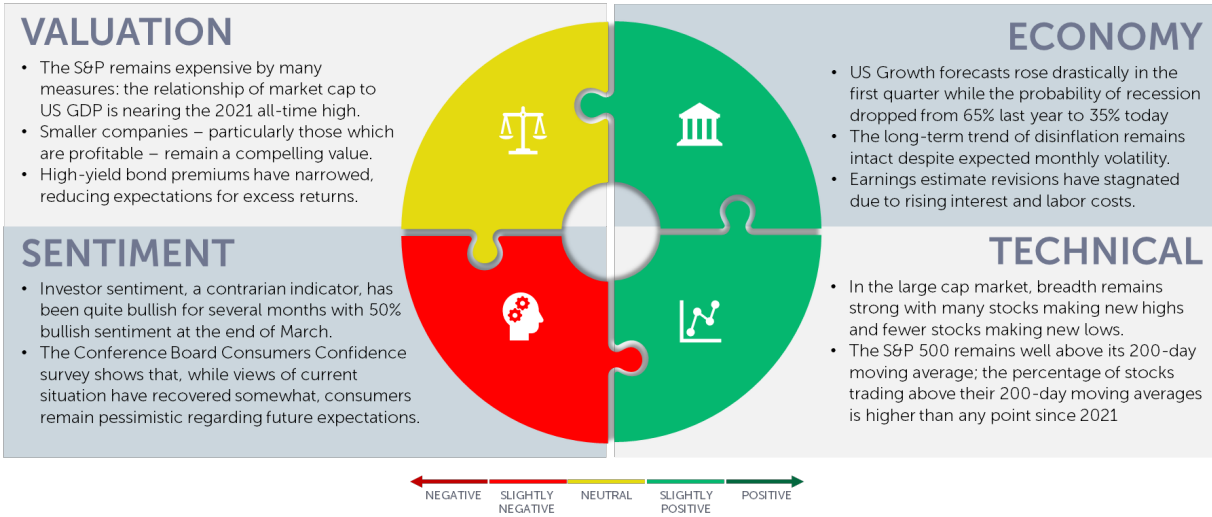
Source: Bloomberg



US Government Interest Payments ii



OneAscent Navigator Outlook: April 2024



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ⁱ Source: US Treasury. The ten-year treasury bond yielded 2.53% on April 29, 2019, and has climbed to 4.67% on April 26, 2024.

ⁱⁱ Source: Visual Capitalist visualcapitalist.com-US-debt-interest-payments-reach-1-trillion

ⁱⁱⁱ Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield