



Advisor Analysis

Monthly Observations from CIO, Chris Zaccarelli

May 1, 2024

Markets in Review

After three months of rapid gains, stock markets finally gave some of those gains back, with the S&P 500 falling -4.2% during April, which reduces its year-to-date gains to 5.6%. The MSCI All Country World index also fell during the month, losing -3.4%, lowering its year-to-date return to 4.1%. The Bloomberg BarCap U.S. Aggregate Bond index also fell -2.5% during April, which makes its year-to-date loss -3.3%.

The continued string of higher-than-expected inflation data has finally caused the Federal Reserve to backtrack on talk of rate cuts and they are now expressing a preference to hold rates unchanged for the foreseeable future. This has had far-ranging impacts from higher mortgage rates and government bond yields to lower stock prices around the world.

Monthly Highlights

- The Fed now says that interest rates will need to stay higher for longer
- The Chinese social media app TikTok is under pressure from US lawmakers
- US government bond yields have been rising now that the Fed has changed its tune

News in Review

Below are some stories that caught our eye this past month. To learn more, follow the links to the full article.

[Fed's Powell Says Restrictive Rates Policy Needs More Time to Work](#)

After four months of higher-than-expected inflation data, Chairman Powell has finally said what many in the market were thinking: "recent [inflation] data have clearly not given us greater confidence and instead indicate that it's likely to take longer than expected to achieve the confidence [to cut rates]." The Fed is likely to leave interest rates unchanged for a longer period of time and the market will have to adjust to the idea that rates could remain at their current levels until the end of this year or perhaps until 2025.

[Legislation That Could Ban TikTok is Now Law -- Here's What Happens Next](#)

The TikTok app that was created by Chinese company ByteDance, and has been installed on over 170 million Americans' phones, has been banned due to its ties to China's communist party. The company has 270 days to sell TikTok or face a ban in the United States, upsetting many young people and other users of the app.

[Treasures Hit as Hawkish Fed Views Keep Piling Up](#)

Government bonds sold off (prices down and yields up) after a number of Federal Reserve governors expressed reluctance at cutting interest rates – with some going so far as to suggest the next rate move may be a hike and not a cut. The move higher in market interest rates has had far-ranging impacts from higher mortgage rates to lower stock prices and has increased volatility in financial markets worldwide.

[AI Music isn't Going Away, so Here Are 4 Big Questions to Answer](#)

Despite the immediate fears of musicians being replaced by computers, the current uses of AI are more mundane (e.g. making the sound more even by adjusting volumes for various instruments in a song) and although early adopters are in favor of using AI in the music industry, many others would rather move with more caution. In addition, there are many legal questions to answer and regulations and laws typically haven't been written to address the issues created by the state of technology today. However, there are those that have looked to history for lessons on technological disruption and they are less worried about the implications than those that believe “this time is different.”

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S&P 500 INDEX: The Standard & Poor's 500 Index is an unmanaged, 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.

NASDAQ 100 INDEX: The Nasdaq 100 Index is an unmanaged, capitalization-weighted index of the largest 100 non-financial stocks traded on the Nasdaq market. Unlike the S&P 500 it does not represent all major industries and may be more volatile than more broadly constructed indices.

MSCI ACWI INDEX: The MSCI ACWI captures large- and mid-cap representation across 23 developed markets (DM) and 24 emerging markets (EM) countries. With 2,495 constituents, the index covers approximately 85% of the global investable equity opportunity set.

Bloomberg U.S. Aggregate Bond Index: The Bloomberg U.S. Aggregate Bond Index is a broad-based index of the U.S. investment-grade, fixed-rate bond market, including both government-related and corporate securities and mortgage-backed and asset-backed securities.

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