



## Basis Points – March 28, 2024

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### Stocks Closed Higher Last Week

Despite a dip last Friday, stocks closed out higher last week. The S&P 500 recorded its biggest weekly percentage gain of the year, while the Dow and the Nasdaq hit record highs. Investors gained a bit of encouragement after the Federal Reserve maintained projections for three interest rate cuts by year's end. Each of the market sectors moved higher last week, with communication services and industrials gaining 3.9% and 3.5%, respectively. Both the dollar and gold prices advanced. Crude oil prices declined for the week, influenced by a rising dollar (since oil is priced in dollars, if the dollar goes up, oil prices generally go down because you need fewer dollars to buy that oil).

### FOMC Held Federal Funds Rate Constant Last Week

The Federal Open Market Committee (FOMC) maintained the target range for the federal funds rate at 5.25%-5.50%, as expected. In its statement, the FOMC indicated that “the Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2.0%.” During his press conference following the meeting, Fed Chair Jerome Powell noted that an interest rate cut is not on the immediate horizon. As to the increase in prices over the past few months, Powell said the Committee anticipated the path of lowering inflation may be bumpy. However, the FOMC is looking at the performance of inflation over time, not just a few months. The Fed retained its forecast for three rate cuts this year.

#### Eye on the Week Ahead

The last week of March brings with it the final estimate of gross domestic product for the fourth quarter of 2023. According to the second estimate, the economy accelerated at an annualized rate of 3.2%. Also out this week is the February report on personal income and expenditures, which includes the personal consumption expenditures price index, the preferred inflation indicator of the Federal Reserve. With other indicators, such as the Consumer Price Index, showing that inflation rose in February, it is expected the PCE price index will also show an increase in consumer prices.

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