



Basis Points – April 11, 2024

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Stocks Closed Lower Last Week

Despite a late-week surge, stocks closed lower last week. Investors saw the continued strength of the labor market as increasing the chances of a soft landing for the economy, while potentially delaying the Federal Reserve from cutting interest rates. Each of the major benchmark indexes lost value, with the Russell 2000 and the Dow falling more than 2.0%. Ten-year Treasury yields rose as bond prices slid. Communication services, energy and materials were the only market sectors to end the week ahead. Gold prices continued to surge, while crude oil prices rose by over 4.4%. Rising inflation, increased travel, a reduction in production and the ongoing conflicts in the Middle East have contributed to the rise in crude oil prices.

March Jobs Report Beats Expectations

March saw 303,000 new jobs added, well above expectations. In March, job gains occurred in health care, government and construction. According to the latest information from the Bureau of Labor Statistics, the unemployment rate dipped 0.1% to 3.8%. The labor force participation rate rose from 62.5% to 62.7%. The employment-population ratio increased 0.2% to 60.3%. The total number of unemployed was little changed at 6.4 million, while the number of long-term unemployed (those jobless for 27 weeks or more), at 1.2 million, was little changed in March. The long-term unemployed accounted for 19.5% of all unemployed people. In March, average hourly earnings increased by \$0.12, or 0.3%, to \$34.69. Over the past 12 months, average hourly earnings have increased by 4.1%. While the pace of wage growth remained above the inflation rate, the latest year-over-year gain is the lowest since June 2021.

Eye on the Week Ahead

Inflation data is available this week with the release of the March Consumer Price Index (CPI). The CPI has been trending higher on a monthly basis since the beginning of the year. Another increase may prompt a more hawkish response from the Federal Reserve as to the timing of a reduction in interest rates.

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