

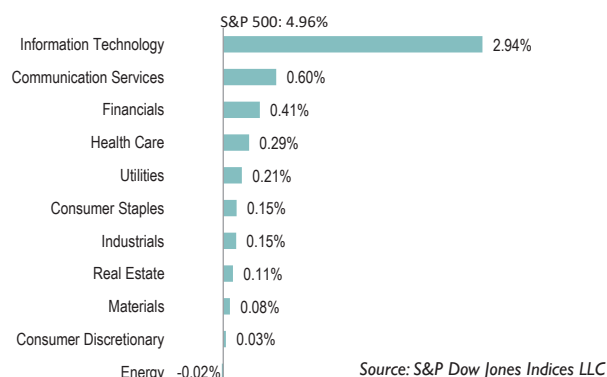


### Benchmark Returns as of May 31, 2024

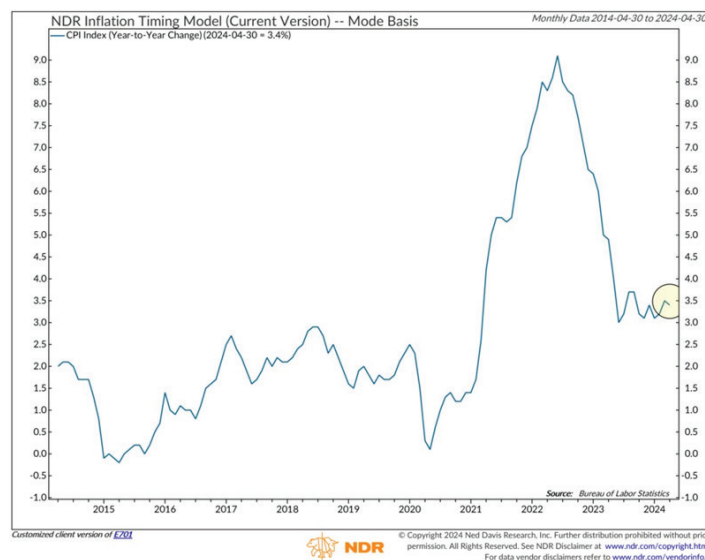
	For the Month	Year-to-Date		For the Month	Year-to-Date
<b>S&amp;P 500</b>	4.96%	11.30%	<b>Bloomberg Aggregate Bond Index</b>	1.70%	-1.64%
<b>Dow Jones Industrial Average</b>	2.58%	3.52%	<b>Developed International</b>	3.00%	6.10%
<b>Nasdaq</b>	6.98%	11.82%	<b>Emerging Markets</b>	0.59%	3.53%



U.S. large-cap equities more than recovered from April's losses, with the S&P 500 up 5% for the month of May. After gains from a wide range of companies at the start of 2024, just a handful of AI-related stocks drove returns this month. The bar chart below clearly shows the contribution of bellwethers Nvidia, Microsoft, Apple, and Google-parent Alphabet.



writing, the CME FedWatch Tool does not reflect a greater than fifty percent probability of a cut until the September 18, 2024, FOMC meeting.



While myriad factors are always at play in daily market moves, this month we'll focus on a short list of long-term factors that impact investment performance. Let's start with inflation and its implications for interest rates, then examine first quarter earnings results and the profit outlook for the rest of 2024.

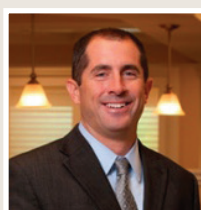
A simple 10-year graph depicting year-over-year changes to the CPI Index shows both the rapid retreat from a high reading of 9.1% for June 2022 and the subsequent slow progress since June 2023. Ned Davis Research attributes this slow progress to "continued economic growth, still tight labor markets, firming goods inflation and more tariffs." These will all be areas to watch as the markets handicap the timing of a Fed decision to lower the benchmark fed funds rate from its current level of 5.25% - 5.50%. At this

Turning to earnings, 1Q 2024 reports are essentially a wrap with year-over-year S&P 500 earnings growing 5.9% -- the highest rate since 2Q 2022. Since profits ultimately drive stock prices, investors' focus now turns to the current quarter and full year estimates; analysts are projecting growth of 9.2% and 11.3% respectively. (Source: Factset)

Looking ahead, the June 11 - 12 FOMC meeting will hold special interest as it will include updates to the Summary of Economic Projections (SEP). The SEP report includes the Committee's projection for inflation and economic growth over the next 2 years. We will be most interested in the "dot plots" that represent individual FOMC members' interest rate forecasts.

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