



Benchmark Returns as of March 31, 2024

	For the Month	Year-to-Date		For the Month	Year-to-Date
S&P 500	3.22%	10.56%	Bloomberg Aggregate Bond Index	0.92%	-0.78%
Dow Jones Industrial Average	2.21%	6.14%	Developed International	3.22%	4.81%
Nasdaq	1.85%	9.31%	Emerging Markets	2.52%	2.44%



Major U.S. equity benchmarks “marched” to the end of the first quarter at record levels despite some choppy mid-month trading. Market breadth continued to improve with solid economic data supporting gains for sectors beyond the AI-themed leaders of 2023. The S&P 500 index notched twenty-two new highs in the first three months of 2024 and closed at its all-time high ahead of the Good Friday holiday.

Ten of the eleven S&P industry sectors had gains for the month. The gains were broad-based with ~70% of companies in the index trading above their 200-day moving average. This broadening can be attributed to continued strength in the U.S. economy, both on its own and relative to other developed nations. Jobs are plentiful (275,000 were added in February) and the economy is growing (the final report on 4Q23 GDP was revised upward to 3.4%).

The March 20th announcement by the FOMC that the fed funds rate remained at 5.25% - 5.50% was a foregone conclusion. However, the meeting was notable for its updated Summary of Economic Projections or “dot plots” which signaled the possibility for three 0.25% cuts to the fed funds rate before year-end. While fewer than what the markets were expecting at the start of the year, investors took the new outlook in stride, especially since the March 12th CPI report showed stronger-than-expected inflation for the 12 months ending February 2024. The all items index was up 3.2% and the “core” rate rose 3.8%. Both are well above the Fed’s 2% inflation target.

It is notable that the equity markets have moved steadily upward from their October 2023 lows without a significant pullback. This has many investors anticipating a normal and healthy correction in the coming months. With permission from our colleagues at Ned Davis Research (NDR) and noting that past recommendations and model results are not a guarantee of future

results, let’s take a data-driven look at the potential for a correction as well as the likelihood that this rally will keep marching on.

The analysts at NDR report that “the 2022 bear market was a classic non-recession or ‘echo’ bear, followed by a post ‘echo’ bull market, which is the part of the cycle that we currently are in.” Their macro team “doesn’t see any signs of a recession on the horizon. **The study below shows that there have been 4 instances going back to the 1940s in which we have seen back-to-back non-recession bear markets.**”

Time Between Back-to-Back Non-Recession Bears					
Previous Bear End Date	Next Bear Start Date	Time (Months)	DJIA % Change	DJIA % GPA	
4/28/42	5/29/46	49.0	128.7	22.4	
6/26/62	2/9/66	43.5	85.7	18.6	
7/24/84	8/25/87	37.0	150.6	34.6	
10/3/11	5/19/15	43.5	71.9	16.1	
Median		43.5	107.2	20.5	

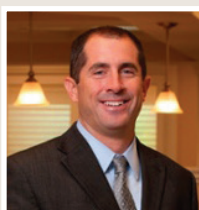
Source: S&P Dow Jones Indices
Ned Davis Research
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“We are currently ~18 months past the end of the 2022 non-recession bear market. If we believe that there is no recession on the horizon, and we use this study as a guide, that means the current bull market still has 1.5 – 2 years left to run. In the average year, we can expect one 10% correction. We would not be surprised to see a pullback of that magnitude this year, but the risk of a multi-quarter 20%+ bear market is very low.”

At Caldwell Trust Company we typically stay the course through short-term corrections; we incorporate this and other outlooks from well-respected research organizations to position client portfolios for long-term success.

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