

Key Indicators – Week of March 18

FOMC “Dot Plot” March 20, 2024

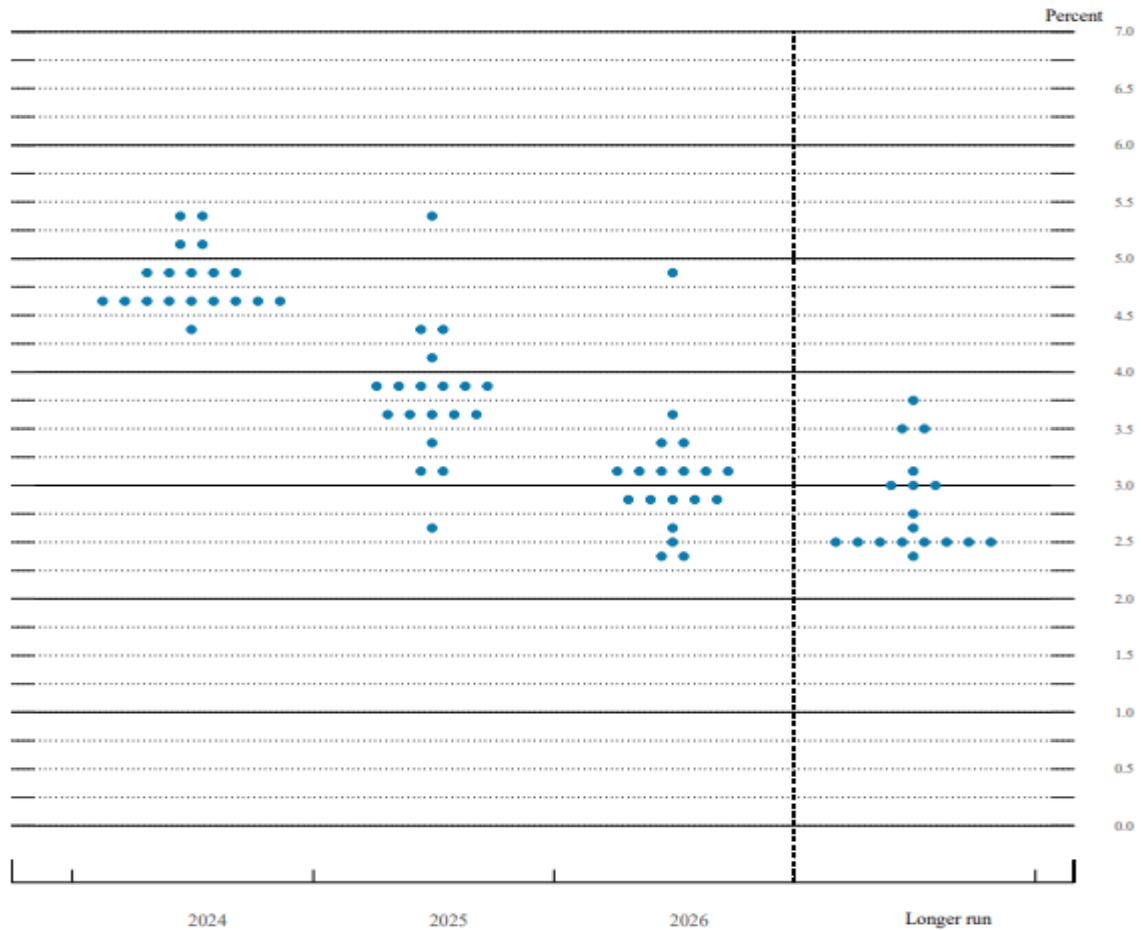


Figure 1 - Source: Federal Reserve Open Market Committee, Summary of Economic Projections, March 20, 2024

- The “Dot Plot” represents each Federal Open Market Committee voting member’s view on where interest rates should be. Each dot represents a voting member’s view for rates at specific time periods.
- FOMC still projecting three cuts this year (2024).
- Dot Plot seems to indicate three cuts for 2025.
- Interestingly, inflation expectations (Core PCE) rose 0.2% to 2.6% from 2.4% in December.

Initial Jobless Claims

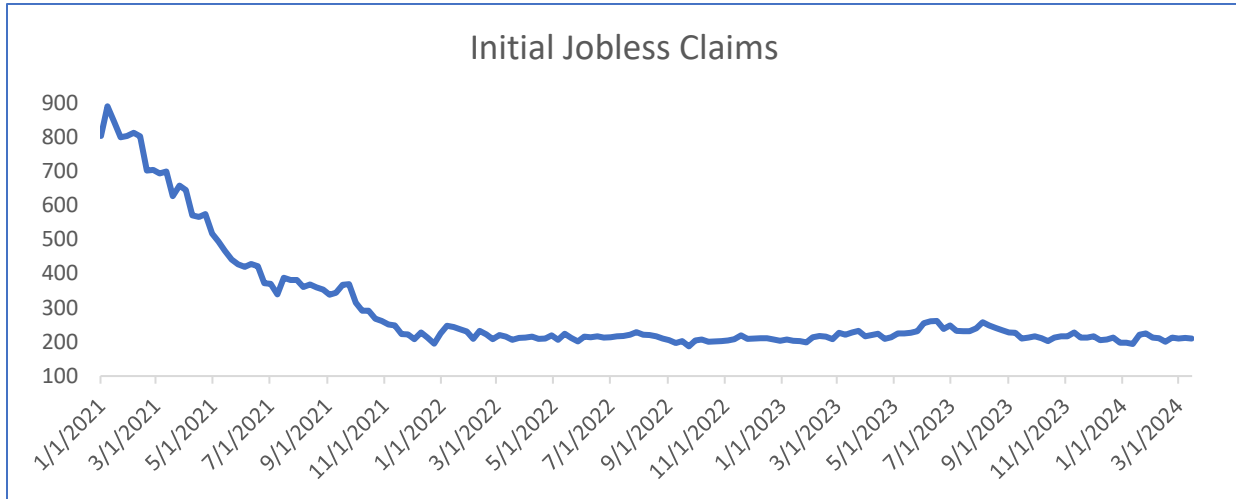


Figure 2 - Source: FactSet

- Initial Claims slightly below expectations at 210,000 (versus 214,500 expected).
- Jobs data continues to be an area of (relative) strength.

PMI Composite

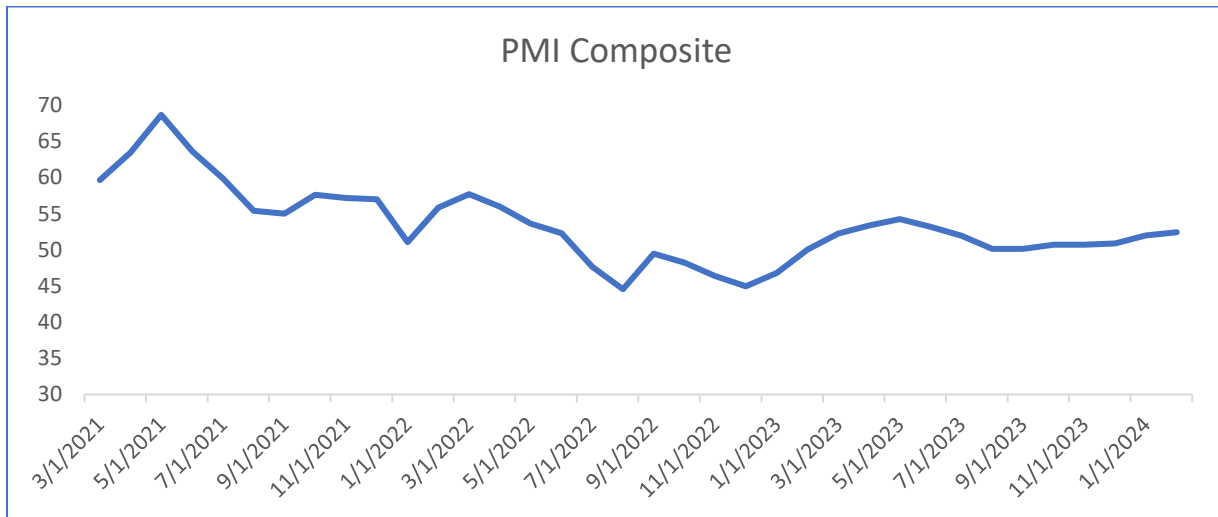


Figure 3 - Source: FactSet

- The Purchasing Managers Index (PMI) indicates the prevailing direction of economic trends in the manufacturing and service sectors as viewed by purchasing managers.
- No surprise in the data (52.2 vs 52.2 expected).
- PMI data still registers above the important 50 threshold, continuing to denote economic expansion.

Markit PMI Manufacturing

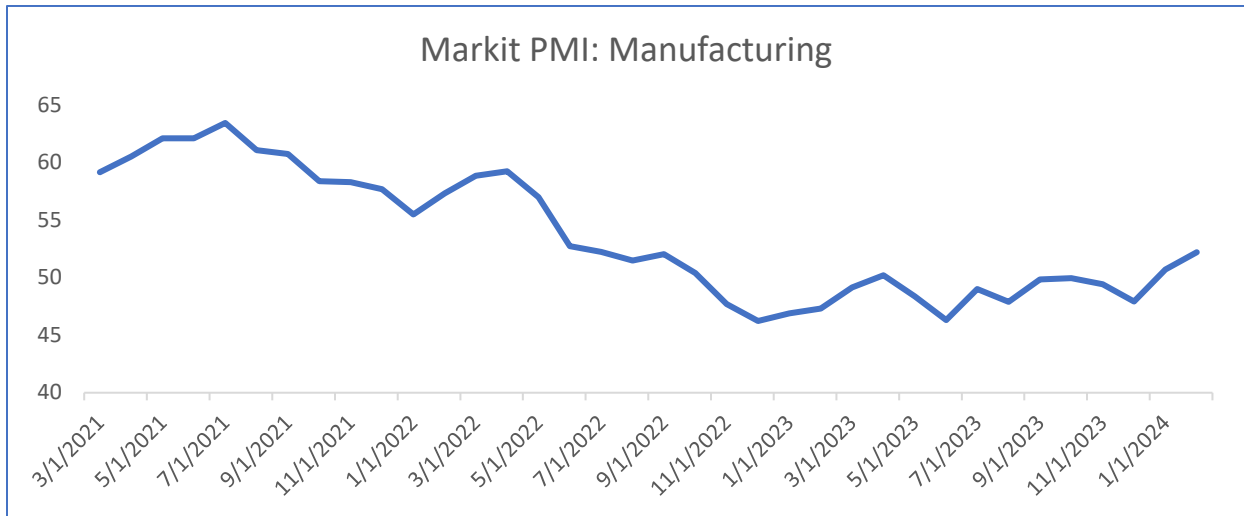


Figure 4 - Source: FactSet

- Reading of 52.5 vs expectations for 51.8 shows surprising strength in manufacturing activity.
- Continuing a generally upward trend from a low of 46.23 at the end of 2022 (readings above 50 indicate economic expansion whereas readings below 50 indicate contraction).

Markit PMI Services

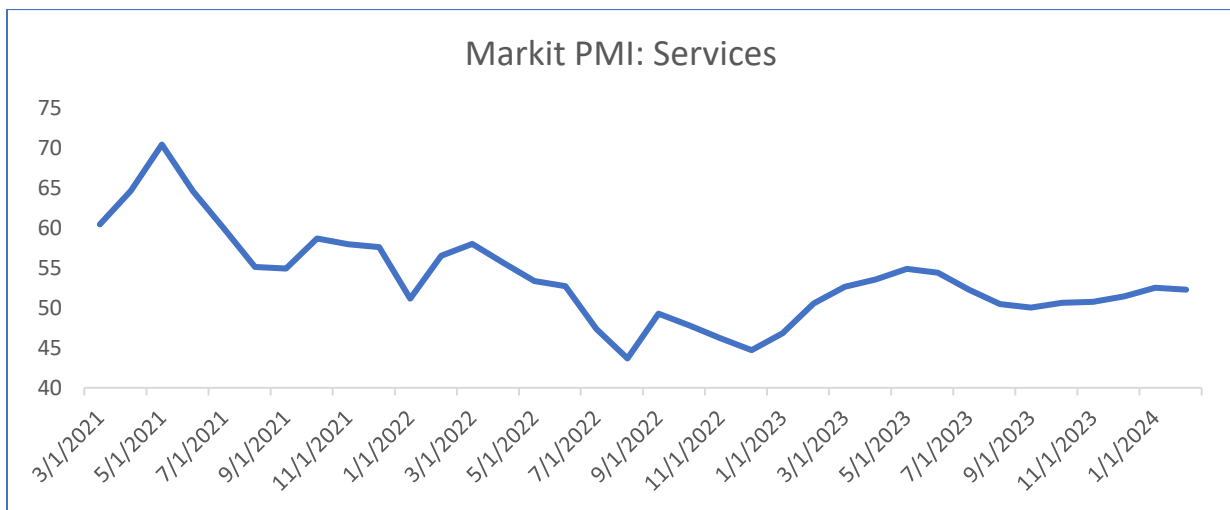


Figure 5 - Source: FactSet

- While slightly lower than expected, it remains above 50 (readings above 50 indicate an expanding services sector).
- While slightly lower than the previous month, the upward trend remains in place.

Leading Indicators

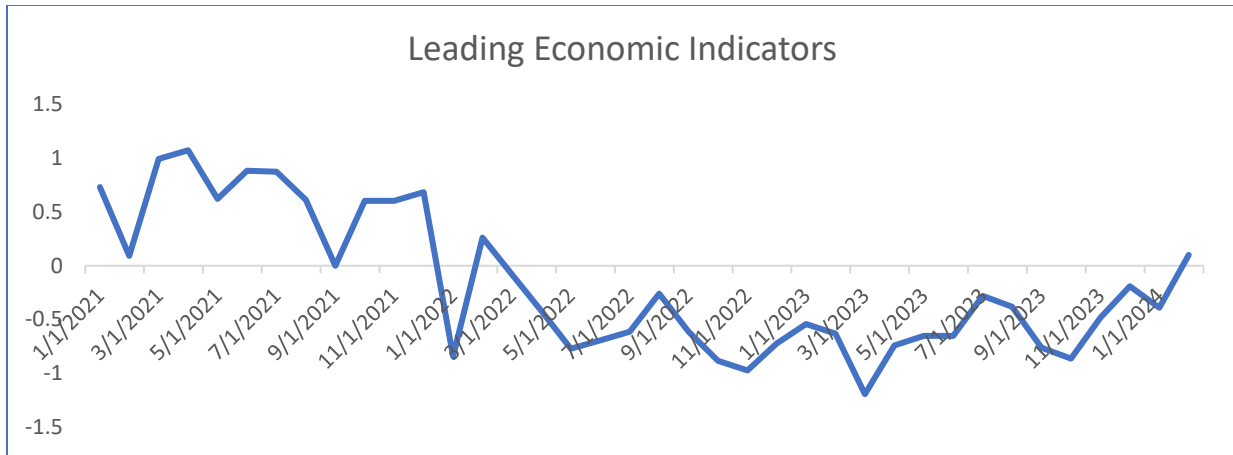


Figure 6 - Source: FactSet

- Leading indicators show their first positive reading since February 2022, and 0.20% ahead of expectations (0.10% vs -0.10% expected).
- Increase lead primarily by higher stock prices and higher average weekly manufacturing hours worked.
- Also helping were “less bad” readings in the ISM Index of new orders and average consumer expectations for business conditions.

Existing Home Sales

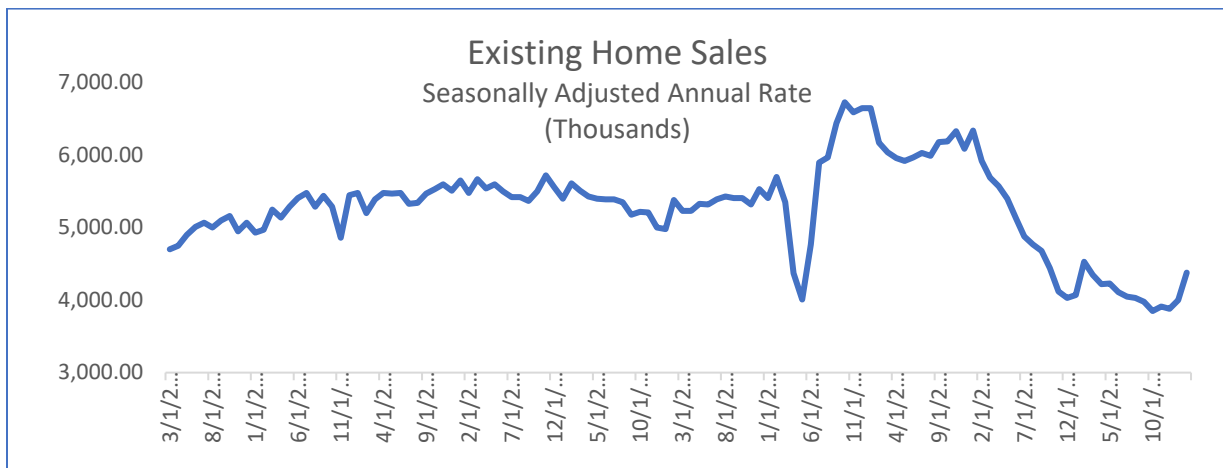


Figure 7 - Source: FactSet

- Surprising strength in the data (4,380,000 vs expectations for 3,925,000) could be driven by weather in January and February (January cold and snowstorms vs February’s unseasonably warm weather).



- We believe that the surprising strength in Existing Home Sales is likely unsustainable given mortgage rates.

Sources: Federal Reserve Open Market Committee, Summary of Economic Projections, March 20, 2024

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