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Weekly Financial Markets Update February 26, 2024

News & Insights

Weekly Financial Markets Update: February 26, 2024

This Weekly Market Update reviews the top market headlines: Home Sales Pick Up in January, Leading Indicators Still Lagging, Fed Minutes Reflect Caution on Rate Cuts

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- Existing home sales rose 3.1% in January from the prior month
- The Leading Economic Index fell by 0.4% in January
- The current federal funds rate target range is 5.25% to 5.50%

Top Three Market Headlines

Home Sales Pick Up in January: The National Association of Realtors (NAR) reported last week that sales of existing homes rose 3.1% in January from the prior month. The seasonally adjusted annual sales rate of 4.0 million homes was the highest total in six months, though this remained nearly 2% below the level of sales in January of the prior year. A modestly higher number of home listings helped drive the latest uptick in sales activity, reflecting on-going demand for houses amid a backdrop of limited supply. These market dynamics have also propelled sales prices, as the median price of homes sold in January rose 5.1% from the prior year.

Leading Indicators Still Lagging: The Conference Board reported last week that its Leading Economic Index (LEI), a composite of ten U.S. economic indicators intended to signal turning points in the economy, fell by 0.4% in January. The LEI has now fallen for 21 straight months, continuing to indicate a risk of economic weakness ahead. Notably, however, for the first time in the last two years six of the ten components of the index were positive. The latest LEI decline was primarily attributed to a drop in hours worked in manufacturing and the negative interest rate yield spread.

Fed Minutes Reflect Caution on Rate Cuts: Minutes released last week of the most recent Federal Reserve meeting held in February indicated that members of the central bank's policy-setting committee are hesitant to ease monetary policy too quickly. While acknowledging that upside risks to inflation have diminished, officials noted that the inflation rate remains above the Committee's longer-run goal of 2%. As such, members noted that they do not expect it would be appropriate to reduce the target range for the federal funds rate, which was maintained at 5.25% to 5.50%, until they gain "greater confidence that inflation is moving sustainably toward the target."

As of February 26, 2024	Week	Quarter-To-Date	Year-To-Date	One-Year
MSCI All Country World	1.48%	4.86%	4.86%	21.88%
S&P 500	1.68%	6.91%	6.91%	28.88%
Russell 2000	-0.77%	-0.37%	-0.37%	7.38%
MSCI EAFE	1.44%	2.49%	2.49%	14.08%
MSCI Emerging Markets	1.23%	0.57%	0.57%	6.85%
FTSE NAREIT Equity	0.44%	-2.65%	-2.65%	3.37%
Bloomberg Commodity	-0.78%	-2.49%	-2.49%	-5.09%
Barclays U.S. Aggregate	0.25%	-1.77%	-1.77%	2.92%

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