



CHARTER RESEARCH
and
INVESTMENT GROUP

~ Prevailing Winds ~

A Quarterly Market Update

March 31, 2024

Quarterly Recap:

It was a remarkable start to the new year! Following a harsh 2022 and a bounce-back in 2023, there were many questions as to the direction of interest rates and the overall economy. While these questions have not been answered, the markets are having a "zen moment"- not worried about the present or the future. Markets seem content to endure higher interest rates, elevated inflation, and political instability so long as economic and earnings growth remain robust.



Quarter Ending March 31, 2024

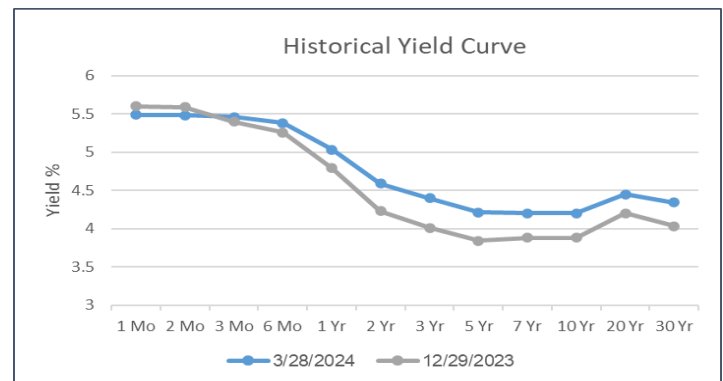
Equity Indexes	Close	% Change
DJIA	39807.37	5.6%
S&P 500	5254.35	10.2%
NASDAQ	16379.46	9.1%
Treasuries	Close	Change
10-Year Yield	4.20%	0.32
2-Year Yield	4.59%	0.36

The Stock Market:

Has the stock market changed in recent months? In some ways the answer is no, in others ways, stocks do seem to be "moving-on" from the whipsaw action seen in the past few years. Many stock investors have become comfortable that higher interest rates will not derail the economy or corporate profits. Many investors are less concerned about sluggish growth in China and Europe. Far fewer now fear political unease here in the U.S. It seems clear that there is less fear overall. As a result, more companies are showing positive price movement. These are favorable developments tied to a "goldilocks" economy. The question remains, how long will it last?

The Bond Market:

Bond investors seem to have a hard date in mind for the first interest rate cut- June 12, 2024. There have been consensus views in the recent past, but now, even the Federal Reserve seems to have this on their calendar. The yield curve may become "flatter" in the months ahead as short-term rates decline and longer term rates remain more stable. As has been stated in prior editions, we seem to have entered a period of time where fixed income now has reclaimed a vital role in portfolios- to produce a meaningful level of income while serving as ballast for more volatile asset classes.



Looking Ahead:

This could be as quiet as it gets in 2024. Consensus views on a number of important fronts have emerged. This will likely change as we move forward. As soon as the Fed speaks in June, the question will be- "What's next?". Speculation will also ramp up in terms of the upcoming election in the U.S. and the possibility of legislative changes. As said in the past, we are dealing with great unknowns. The existence of unknowns brings out some of our most detrimental human sentiments- greed and fear. As we proceed deeper into 2024, we remind ourselves to be grateful for the good times and hopeful when things are more challenging.

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