

Independence Asset Advisors

MONTHLY MARKET REVIEW – April 2024

	Apr 2024	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	-4.08%	6.04%	22.66%	8.06%	13.19%	12.41%
U.S. Small Cap Equities Russell 2000	-7.04%	-2.22%	13.32%	-3.18%	5.83%	7.22%
Energy Infrastructure Equities Alerian U.S. Midstream	-0.05%	13.70%	31.28%	25.38%	13.07%	5.99%
Core Infrastructure MSCI World Core Infrastructure	-2.38%	1.99%	1.73%	1.22%	3.79%	3.46%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	-7.32%	-7.68%	1.67%	-1.55%	1.47%	4.73%
Global Equities MSCI All Country World Index	-3.30%	4.63%	17.46%	4.27%	9.44%	8.19%
International Developed Equities MSCI EAFE	-2.56%	3.08%	9.28%	2.86%	6.18%	4.38%
Emerging Market Equities MSCI Emerging Markets	0.45%	2.83%	9.88%	-5.69%	1.89%	2.96%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	-2.53%	-3.28%	-1.47%	-3.54%	-0.16%	1.20%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	-1.24%	-1.62%	2.08%	-1.10%	1.26%	2.41%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	-0.94%	0.52%	9.02%	1.51%	3.72%	4.28%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	0.60%	3.07%	11.97%	6.02%	5.26%	4.60%

MARKET UPDATE

- Global equity markets retreated from March highs and fixed income markets were broadly negative.
- The negative returns were attributable to persistent U.S. inflation and strong enough first quarter GDP results to fuel market fears that the Fed would further delay interest rate cuts.
- U.S. large cap stocks declined 4.1%, with “value” underperforming “growth” by 0.4% (S&P 500).
- The S&P 500 Index ended Q1 at a high of 5,254, before falling 5.5% and recovering to end April at 5,035.
- Energy Infrastructure Equities performed relatively better, supported by higher average crude oil prices.
- Emerging markets gained as higher commodity exposure spurred interest in lower valued Chinese equities.
- Fixed income index market returns were mostly negative; IG and HY bond yields were 5.3% and 8.1%.
- With nominal yields up to 4.7% and inflation at 3.8%, real yields were positive 0.9% at month-end.

Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, npr.org, StatisticsCanada, Bloomberg, Financial Post, Deloitte Canada, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics

IAA's WATCH LIST:

Category	Comments
Growth	<ul style="list-style-type: none"> The U.S. economy grew 1.6% q/q in 1Q24, lower than the consensus expectation for 2.5% growth. Despite the lower growth estimate, consumer spending increased 2.5%. Growth is expected to moderate in the remaining three quarters of the year.
Profits	<ul style="list-style-type: none"> First quarter earnings season has begun, with 52% of companies reporting. The current estimate for operating earnings per share is \$55.25. If realized, this would represent growth of 5.2% y/y and 2.5% q/q.
Jobs	<ul style="list-style-type: none"> Initial estimates show hiring pulled back sharply in April; wage growth also eased from March and the U.S. unemployment rate increased to 3.9%.
Inflation	<ul style="list-style-type: none"> Headline PCE rose 0.3% m/m and 2.7% y/y vs. expectations for +0.3% and +2.6%. Core PCE rose 0.3% m/m and 2.8% y/y vs. expectations for +0.3% and +2.6%. Stalling progress on disinflation diminishes the likelihood of a rate cut in June.
Interest Rates	<ul style="list-style-type: none"> The Fed voted to keep interest rates at their 23-year high when it met in May. Fed Chairman Powell confirmed it is unlikely the central bank will need to raise interest rates higher, while rate cut guidance now shows one 0.25% cut in 2024.

CANADA:

- The U.S. dollar index (DXY) increased 1.6% in April and 4.8% year-to-date (see chart below), while the U.S. dollar strengthened 3.8% (YTD) against the Canadian dollar to end the month with an exchange rate of **1.37**.
- The Bank of Canada's policy rate remained unchanged at 5.00% in April.
- Canada's economy likely weakened in the first quarter, prompting speculation that the Bank of Canada may begin to cut interest rates as soon as June.
- GDP was positively affected by increases in utilities and real estate, rental and leasing categories, though this growth was more than offset by decreases in manufacturing and retail trade.



Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, npr.org, StatisticsCanada, Bloomberg, Financial Post, Deloitte Canada, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics

COMMODITIES:

OIL:

- **The price of crude oil was \$81.93 per barrel (WTI).**
- Oil prices decreased \$1.24 per barrel, or 1.5%, in April.
- Crude oil traded higher on average in April, rising to a peak of \$87.01 per barrel, before falling sharply at month end. The 6% sell-off was attributable to fading Middle East concerns and strong U.S. supply.
- **Oil is forecasted to trade between \$81 and \$86 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$78.86	\$87.01	\$70.38	15%
2023	\$77.64	\$93.84	\$66.74	-11%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

COPPER:

- **The price of copper was \$4.55 USD per pound.**
- Copper prices increased \$0.54 per pound, or 13.5%, in April.
- The monthly price increase was attributable to lower projected supply and bullish long-term demand. Lower margins for Chinese smelters may lead to an output cutback of 10% in 2024.
- **Copper is forecasted to trade between \$4.50 and \$4.90 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$4.00	\$4.67	\$3.68	17%
2023	\$3.86	\$4.28	\$3.57	2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

ALUMINUM:

- **The price of aluminum was \$2,591 USD per tonne.**
- Aluminum prices increased \$254 per tonne, or 10.9%, in April.
- The monthly price increase was directly attributable to supply concerns, as the U.S. and UK jointly banned new deliveries of Russian aluminum to the London Metal Exchange (LME).
- **Aluminum is forecasted to trade between \$2,550 USD/tonne and \$2,750 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$2,315	\$2,660	\$2,154	9%
2023	\$2,288	\$2,662	\$2,122	0%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

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