



May 2024 Market Recap

Equities

Equity markets were positive around the globe in May. Domestically, growth outperformed with value winning abroad. Dispersion across market capitalization was tight, with rate-sensitive small caps edging out large across markets

Despite weaker economic data suggesting a deteriorating U.S. economy, the increased likelihood of interest rate cuts propelled stocks higher. Shares in IT led the market, with most of the Magnificent Seven strongly outperforming.

(+) U.S. markets were positive in May. The more rate sensitive small cap modestly outpaced large cap amid falling rates.

(+) International developed markets, while positive, trailed the U.S. Underlying country results were mixed with mainland Europe outperforming the United Kingdom.

(+) Emerging markets were modestly positive with gains in China and India offset by negative returns in Brazil, Mexico, and Korea.

Fixed Income

Corporate spread areas outperformed similar duration Treasuries in the period. More rate sensitive securities, such as U.S. MBS, outperformed amid falling rates. Foreign bonds posted gains on a weaker U.S. dollar

Interest rates fell across the U.S. yield curve during May as economic data provided further evidence that the U.S. economy may be losing its resilience to higher interest rates.

(+) Fixed income volatility continued in May as markets continued repricing expectations for the timing of Fed rate cuts in 2024. Interest rates moved lower during the month which was supportive of U.S. Core Bonds.

(+) High yield corporate bonds also posted positive returns as spreads remain persistently tight.

(+) A weakening U.S. Dollar supported foreign bonds amid rising rates outside of the U.S.

Real Asset/Alternatives

Commodity markets rose during May. Metals increased on growing expectations of looser monetary policy by major central banks and agriculture increased on supply pressures. Energy fell on OPEC+ announcements of easing production cuts.

REITs posted a gain in May. Health care and Industrial REITs, the most rate-sensitive sectors with longer lease terms and fixed rental rates, posted the strongest gains

(+) REITs were positive during the month. Falling rates and equity beta exposure were beneficial.

(+) Commodity markets were positive in May, with strength from sectors outside of energy.

(+) Real Assets were positively impacted by falling rates and rising commodity prices.

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