



QUARTERLY MARKET REVIEW • RETROSPECTIVE

First Quarter 2024

Stocks set a string of record highs as artificial intelligence enthusiasm continued and the economy stayed strong, even as hopes for early rate cuts faded.

Data as of March 31, 2024 | Retrospective review prepared October 2026
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THE QUARTER AT A GLANCE

Record highs to start the year

+10.2%**S&P 500**

Price return for the quarter, its best first quarter since 2019

5,254**S&P 500 LEVEL**

Mar. 28 close, after first topping 5,000 in February

5.25%–5.50%**FED FUNDS TARGET**

Unchanged; the Fed held steady all quarter

3.2%**INFLATION (CPI)**

February, year over year, little changed from the end of 2023

01**Record after record.**

The S&P; 500 reached its first record high in two years in January and set many more through March.

02**Rate-cut hopes were pushed back.**

Inflation proved sticky, and investors scaled back expectations for how soon the Fed would cut rates.

03**AI leaders kept leading.**

Demand for artificial intelligence chips and software kept large technology companies at the front of the market.

U.S. STOCKS

Stocks set a string of record highs

The S&P; 500 gained 10.2% in the first quarter, its best start to a year since 2019, and closed above 5,000 for the first time in February. The Nasdaq rose 9.1% and the Dow Jones Industrial Average rose 5.6%.

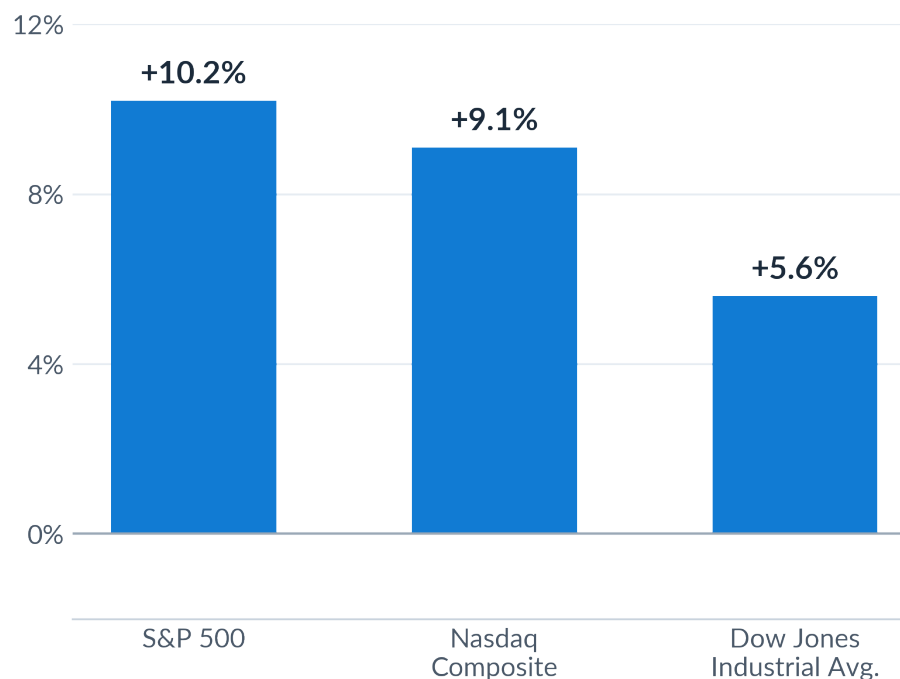
Artificial intelligence remained the market's biggest theme. Companies making the chips and software behind AI posted strong results, and their shares continued to lead. Gains also broadened somewhat, with communication services, energy, and financial stocks performing well.

A strong economy and solid company earnings supported stocks even as investors pushed back their expectations for interest rate cuts.

WHY IT MATTERS

Markets reach new highs regularly over long periods. A record high on its own is not a signal to sell or to wait on the sidelines.

First-quarter price returns, major U.S. indexes



Source: S&P Dow Jones Indices; Nasdaq. Price returns, December 29, 2023 to March 28, 2024. Indexes are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

INTEREST RATES AND THE FED

Interest rates rose as hopes for early rate cuts faded

The Federal Reserve held its benchmark rate at 5.25% to 5.50% throughout the quarter. Fed officials continued to project rate cuts in 2024 but said they needed more confidence that inflation was falling before acting.

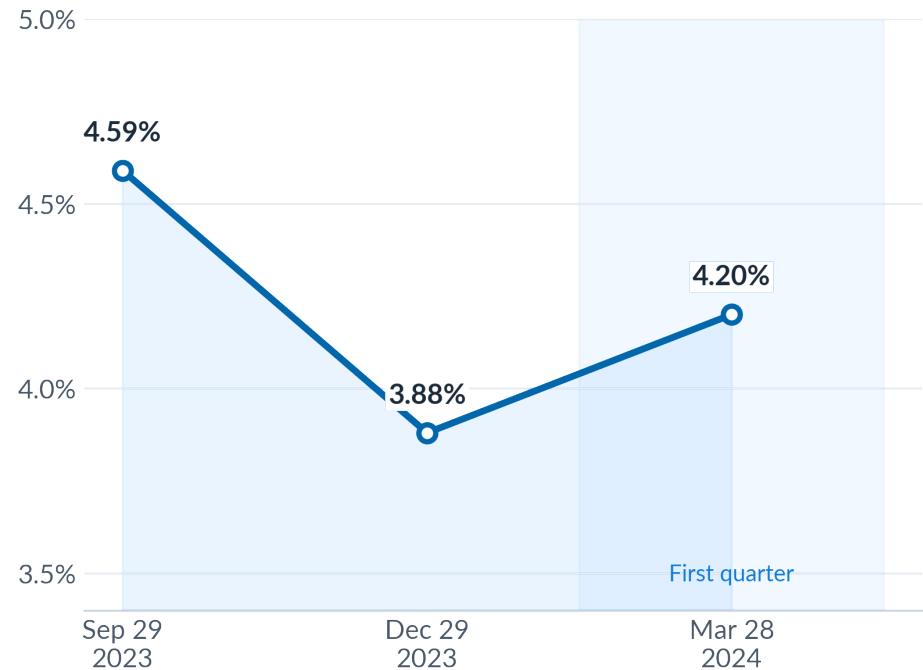
Investors had started the year expecting as many as six rate cuts in 2024. As inflation proved stubborn, those expectations shrank, and the 10-year Treasury yield rose from 3.88% at the end of 2023 to 4.20% at the end of March.

Rising yields left bonds slightly negative for the quarter.

WHY IT MATTERS

Savers continued to benefit. With the Fed holding rates high, money market funds, CDs, and short-term Treasuries kept paying their highest yields since before the 2008 financial crisis.

10-year U.S. Treasury yield, quarter-end closes



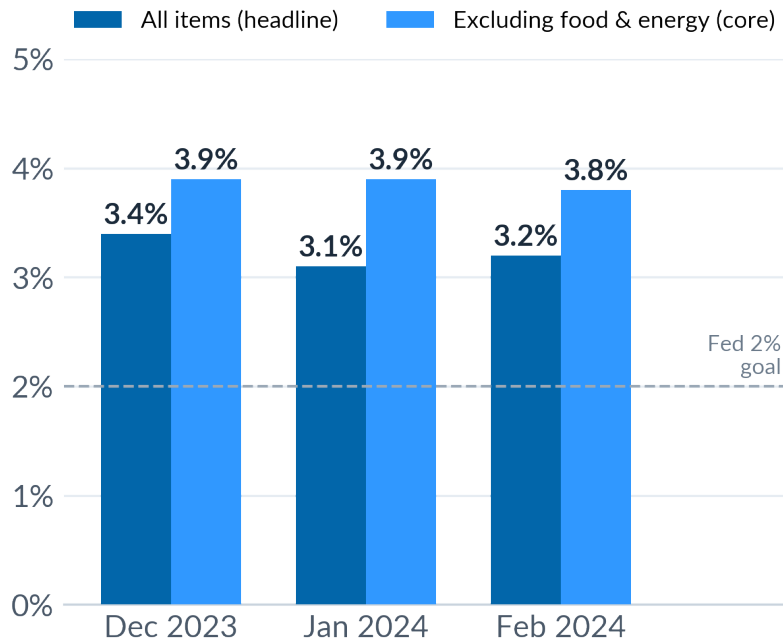
Source: Board of Governors of the Federal Reserve System, H.15 Selected Interest Rates; U.S. Department of the Treasury. Constant-maturity yields at each quarter-end.

INFLATION AND OIL

Inflation progress stalled at around 3%

Overall inflation was 3.2% in February, little changed from 3.4% at the end of 2023. Core inflation, which leaves out food and energy, eased to 3.8%, but the pace of improvement slowed compared with 2023.

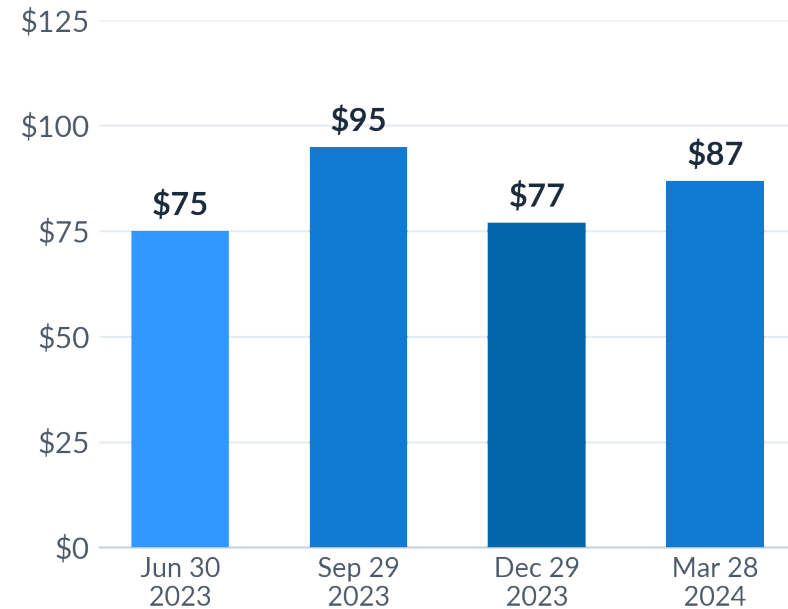
Consumer price inflation, year over year



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Oil prices rose during the quarter, helped by production cuts from major oil-producing countries and conflict in the Middle East. Brent crude ended March near \$87 a barrel, up from about \$77 at the end of 2023.

Brent crude oil futures, dollars per barrel



Source: ICE Futures Europe, Brent front-month settlement prices at each quarter-end.

LOOKING BACK

What came next

Records kept coming

The S&P; 500 set 57 record highs in 2024 and gained about 23% for the year.

A summer scare

Stocks fell sharply in early August 2024 before recovering within weeks.

Cuts arrived in September

The Fed made its first rate cut in September 2024, followed by two more by year-end.

Inflation resumed its decline

Overall inflation fell to 2.4% by September 2024, its lowest level since early 2021.

KEEPING PERSPECTIVE

At the start of 2024, many investors were focused on when the Fed would cut rates. The cuts came later than expected, yet stocks still had a strong year. Markets respond to many forces at once, which is why we avoid building plans around a single forecast. Past performance is not a guarantee of future results.

IMPORTANT INFORMATION

Definitions, sources, and disclosures

Definitions. The S&P 500 tracks 500 large U.S. companies. The Nasdaq Composite includes more than 3,000 stocks listed on the Nasdaq exchange and is weighted toward technology. The Dow Jones Industrial Average tracks 30 large U.S. companies. The 10-year Treasury yield is the annual return on a 10-year U.S. government bond held to maturity. The Consumer Price Index (CPI) measures changes in prices paid by urban consumers; core CPI excludes food and energy. Brent crude is the main global benchmark for oil prices. The federal funds rate is the Federal Reserve's benchmark short-term interest rate.

Sources. S&P Dow Jones Indices; Nasdaq; Board of Governors of the Federal Reserve System (FOMC statements, Summary of Economic Projections, H.15 Selected Interest Rates); U.S. Department of the Treasury; ICE Futures Europe; U.S. Bureau of Labor Statistics. Data as of March 31, 2024, unless otherwise noted. The "Looking back" page reflects data through December 2025.

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