

# **March Market Update**

The last few months have been enjoyable for long-term investors who have remained disciplined and focused on their goals. The artificial intelligence (Al) them remained strong in the leap day-extended month of February.

As positive market sentiment continued throughout last month, now is the perfect time to keep you informed on the latest developments. Here is the latest.

#### **Major Stock Indexes**

February rewarded long-term investors in U.S. stocks, as the S&P 500, Dow, and Nasdaq 100 had their fourth consecutive month of gains. Market bulls were c there were many earnings results in mega-cap growth stocks supporting the positive market sentiment.

For the month of February, the S&P 500 added a healthy 5.17%, the Nasdaq 100 tacked on 5.29%, and the Dow Jones Industrial Average rose by 2.22%.

#### Inflation Readings: A Bit Toasty

Inflation metrics released in February showed data mostly running hotter than expected. Stock market bulls didn't seem to mind in February, however. Anticipal releases, and an overall theme of bullishness all contributed to the final results in February.

Consumer Price Index (CPI): The Consumer Price Index (CPI) for January showed a monthly increase of 0.3% and a year-over-year increase of 3.1%. Estimat

Prices for goods and services remain high, and inflation is not likely to decrease linearly. Shelter and food prices were both contributors to the larger-than-expe release but shook off the jitters over the following two trading sessions

The hotter-than-expected inflation data could give Fed watchers additional reason to reconsider the timing of rate cuts this year, should we get any.

Producer Price Index (PPI): Two days post-CPI data, we got hot producer pricing data. According to the report, wholesale prices (PPI) in January increased by

Core PPI, which excludes volatile food and energy, was the biggest surprise, as it increased by 0.5% compared to the expected 0.1% increase. Inflation is pers

The hotter-than-expected inflation prints led to the S&P 500 experiencing a marginal decline for the week, but bulls were back in charge the following week, se

Core Personal Consumption Expenditures (PCE) Index: Core PCE (which excludes food and energy) is the Fed's preferred inflation metric. This metric came in increase of 0.4% on the month and an increase of 2.8% versus one year ago.

## **Hot Labor Market Data**

The January jobs report released in early February showed a blowout jobs number with 353,000 jobs created vs. 185,000 forecasted. Is strong good employment

The January jobs data was much better than expected, suggesting economic strength. However, it also indicates that the economy may be running too hot, wh become more unlikely that there will be a rate cut in March or even May.

## Treasury Yields Rose in February

Inflation warming and the increased probability of any rate cuts being pushed farther into the future contributed to government bond yields rising in February.

The widely watched 10-year Treasury Note Yield rose somewhat sharply in February, closing the month at a yield near 4.251%. This constituted a rise of 28.5

The rise in yields naturally translated to higher mortgage rates, contributing to the higher costs of shelter — and sidelining many potential would-be borrowers.

## Bitcoin Rally

The price of the largest cryptocurrency by market capitalization, Bitcoin, rose 51% in February, as demand from the newly issued spot ETFs helped to propel p

On the minds of many Bitcoin enthusiasts and proponents is the upcoming Bitcoin halving event, which is estimated to occur in April. The halving, as it is called 50%, creating a smaller daily addition of supply after the event.

Bitcoin fans (also known as Bitcoiners) embrace the limited supply aspect of Bitcoin versus fiat (paper currency), which is created with an unlimited supply by c

So, it has been a story of basic economics lately: New supply will decrease after the halving event, and demand has increased given the new spot ETFs. The r

The maximum number of Bitcoins that will ever be created (hard cap) is 21 million BTC. So far, approximately 19 million have been created (mined).

Bitcoin is a highly volatile and speculative asset and is not suitable for all investors.

## The Takeaway

February featured continued overall bullish equity market sentiment supported by positive earnings results from many companies

The warmer inflation data was merely a blip last month as far as major U.S. stock indexes were concerned. But should inflation stay running hotter than expect but it affects Main Street a lot more than Wall Street, at least for now

Headwinds exist for equities, but you wouldn't know it by glancing at the major stock market averages as the S&P 500 and Nasdag 100 notched fresh all-time t

With that overview noted. If there is anything on your mind regarding your investment portfolio, please do not hesitate to give your advisor a call.

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