

QUARTERLY UPDATE

LETTER FROM OUR CIO

APRIL 10, 2024

In the first quarter of 2024, the US economy witnessed a mix of ups and downs, shaped by a confluence of domestic and global factors. Here's a comprehensive update on what transpired in the US economy during this period and its impact on both the stock and bond markets.

Economic Growth and Employment:

The US economy continued its path of moderate expansion, albeit with some signs of deceleration compared to the previous quarters. GDP growth hovered around the 2% mark, reflecting a cautious approach amid global economic uncertainties. Despite ongoing supply chain disruptions and inflationary pressures, consumer spending remained resilient, supported by robust wage growth and high consumer confidence. Employment numbers portrayed a similar narrative, with job creation maintaining a steady pace but showing slight signs of slowing down. The labor market continued to tighten, with the unemployment rate hovering near historic lows.

Inflation and Monetary Policy:

Inflation remained a focal point of economic discussions during the first quarter. The persistently high inflationary pressures witnessed in late 2023 carried over into 2024, driven primarily by supply chain disruptions, increased demand, and rising energy prices. The Federal Reserve remained vigilant, closely monitoring inflation dynamics and signaling a willingness to take necessary actions to maintain price stability. The Fed's monetary policy stance evolved cautiously, with policymakers adopting a balanced approach to support economic growth while addressing inflationary concerns.

Impact on Stock and Bond Markets:

Against this backdrop, the Global stock markets navigated through a volatile environment characterized by fluctuating investor sentiment and shifting market dynamics. Despite some turbulence, major stock indices managed reasonable gains, supported by resilient corporate earnings, technological innovation, and accommodative monetary policies. However, heightened uncertainty surrounding inflation and interest rates tempered investor optimism. On the other hand, the US bond markets witnessed a divergence in performance during the first quarter. Long-term Treasury yields experienced upward pressure in response to inflationary concerns and decreased expectations for Fed easing. However, demand for shorter-dated Treasuries remained robust, driven by risk aversion and expectations of a continued hawkish monetary policy stance.

Overall, the first quarter of 2024 presented a complex economic landscape characterized by a delicate balancing act between growth, inflation, and geopolitical risks. While the US economy continued its expansionary trajectory, challenges such as inflationary pressures and global uncertainties underscored the importance of prudent management and policy vigilance. As we navigate through this uncertain terrain, maintaining a diversified portfolio and staying attuned to evolving market dynamics remain paramount to us at Legacy Edge Advisors. We are still constructive on sectors such as semiconductors and software to take advantage of AI trends, cybersecurity, industrials, healthcare innovation and the buildout of the electrical grid. We closed the overweight gap of Growth vs. Value in the 1st quarter. We continue to monitor the political and economic risks and stand ready to act.



Jason Kass, CFA, CFP®
Chief Investment Officer & Sr. Portfolio Manager
Legacy Edge Advisors

DISCLOSURE

The information contained herein is for informational purposes only, is not personalized investment advice and should not be construed as a recommendation to purchase or sell any particular security, sector or strategy to any individual person or entity. The decision to review or consider the purchase or sell of any security, sector or strategy mentioned should not be undertaken without consideration of your personal financial information, investment objectives and risk tolerance with your financial professional. Past performance should not be considered as an indicator of future results. All market quote data sourced from Yahoo Finance. Investment advice offered through Legacy Edge Advisors, LLC, a registered investment adviser.