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THE ECONOMY AT A GLANCE

ECONOMIC HIGHLIGHTS

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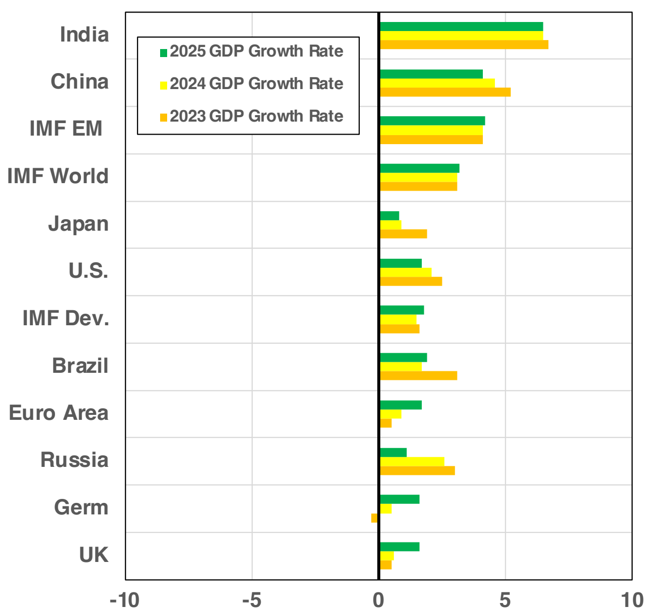
INDIA LEADS THE WAY IN GLOBAL GROWTH

Global economic growth is expected to pick up slightly in 2025, according to the World Economic Outlook from the International Monetary Fund. The moderate acceleration is attributed largely to emerging markets, led by India and China, and the expectation that global inflation will moderate. In its recent report, the IMF notes “inflation is falling faster than expected in most regions.” The world economy is expected to expand 3.1% in 2024 and 3.2% in 2025. Though moving in the right direction, these rates are below long-term historical global growth rate of 3.8%, due to the impact of inflation and higher interest rates. For industrialized economies, growth is forecast at a low 1.5% in 2024, followed by 1.8% in 2025. The U.S. is expected to expand at a pace of 2.1% in 2024, followed by a positive-but-sluggish 1.7% in 2025. For emerging economies (China, India, Russia, Brazil, Saudi Arabia, etc.), forecasts call for 4.1% growth in 2024 and 4.2% in 2025. The clear leaders are expected to be India and China, with average growth of 6.5% and 4.6%, respectively, in 2024, and with India expected to maintain that pace while China slows to 4.1% in 2025. These nations have different drivers: population growth in India and productivity growth in China. We factor global growth forecasts into our asset-allocation models -- and based in part on the slow global growth rates, we recommend investors over-weight portfolios toward U.S.-based securities. Global stocks generally represent value, but the risks to growth are high.

GLOBAL GDP GROWTH RATES & FORECASTS (%)



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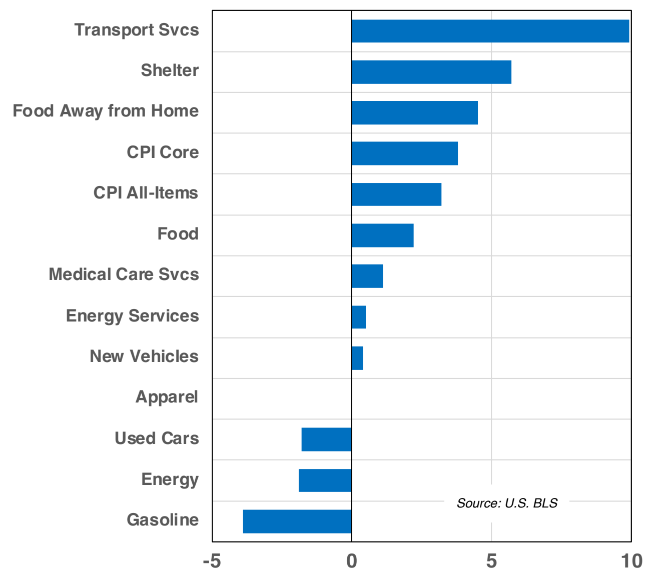
PROGRESS ON INFLATION PROVES CHALLENGING

According to the latest Consumer Price Index (CPI) report, the overall inflation rate in January of 3.2% was higher than the prior month's 3.1%. That news was offset a bit by a drop in the core CPI rate, which excludes food and energy and eased to 3.8% from 3.9%. Two main factors are propping up CPI: Transportation Services and Shelter. These categories have prices that don't fall sharply. The other key inflation report is the Producer Price Index (PPI), which measures pricing trends farther up the supply chain. The core final demand PPI rate for February was 1.6%, up 60 basis points month-over-month after having fallen from 4.4% a year ago. We noted for months that progress on inflation will be hard -- and nothing was overly alarming about either of the reports. We think the June 2022 CPI rate was the peak reading for the index this cycle, as the housing market cools, supplies of new vehicles are replenished, and the price of oil stays around $90. The Fed lifted the feds fund rate from 0.0% to above 5.25% over the past 18 months, and the hikes appear to be reducing inflationary pressures.

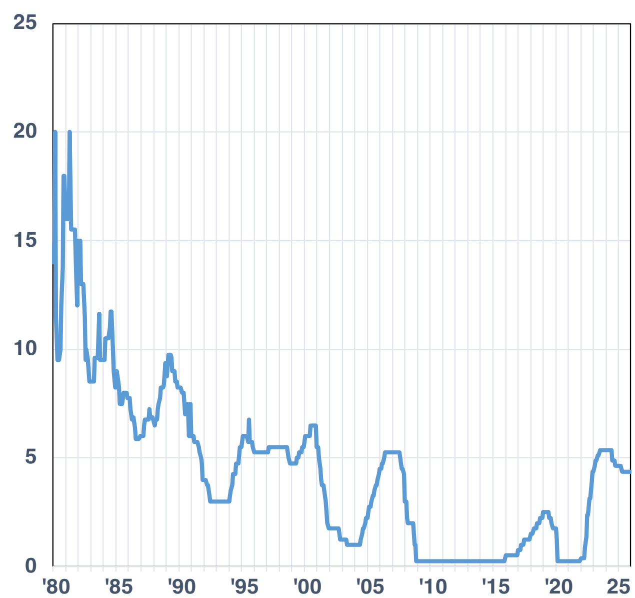
INFLATION FACTORS (% CHANGE Y/Y)



VIGILANT FED FOCUSED ON INFLATION FIGHT

The Federal Reserve wrapped up its latest Open Market Committee meeting and held the federal funds rate steady at 5.25%-5.50%. That reflects the Fed's plan: keep rates high to push inflation lower. In the meantime, inflation has indeed been on a downward trek. Yet despite the progress, the slope of the downward trajectory has flattened. After its latest meeting, the Fed released its Summary of Economic Projections, which includes its "dot plot" forecasts of potential rate changes in the coming months. Chairman Powell and his colleagues remain on track with a plan to lower rates three times in 2024 and then potentially another three times in 2025. Ultimately, those moves are going to depend on the pace of decline in the inflation rate and any pronounced upward move in the unemployment rate. The good news is that the Fed is already ahead of the inflation curve, and the current real fed funds rate of 2.6% is above the historical average of 1.6%. Equity investors cheered the Fed's plans on Wednesday, lifting market averages to new all-time highs.

FEDERAL FUNDS TARGET RATE & FORECASTS (%)

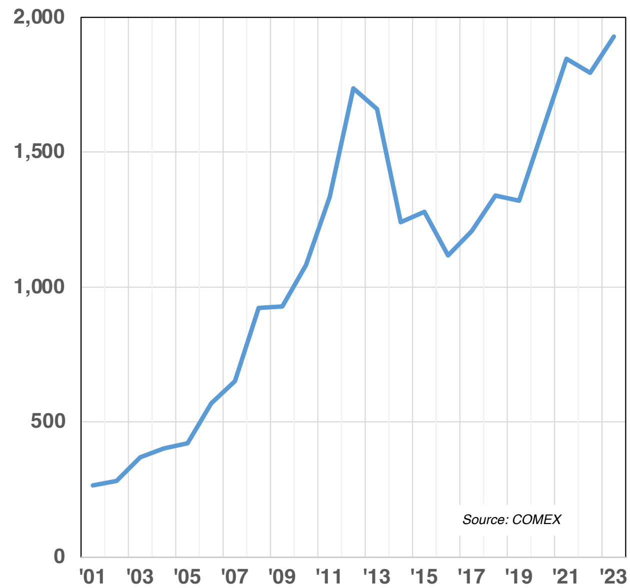


FINANCIAL MARKET HIGHLIGHTS

GOLD PRICES NEAR PEAK

When global economic conditions are unpredictable, investors often flock to gold. During the first phase of the pandemic, the spot price for an ounce of gold jumped 33% in six months and broke through $2,000. Gold spot prices also spiked above $2,000 in early March 2022 due to the war in Ukraine, and are now at similarly high levels as tension simmers in the Middle East. The current price of gold reflects the perceived safety of hard assets amid the global conflicts, as well as lower U.S. interest rates that tend to weaken the dollar. The outlook for Federal Reserve rate cuts also helps gold, as lower rates reduce the risk for a global economic recession and thus a potential decline in gold purchased for jewelry. Looking ahead, our forecast trading range for gold in 2024 is $2,200-$1,700, and our average forecast for the year is $2,000. As long as geopolitics and global economic uncertainty are part of the market conversation, gold is likely to remain at levels well above the historical averages of $1,120 since 2000 and $1,485 since 2010.

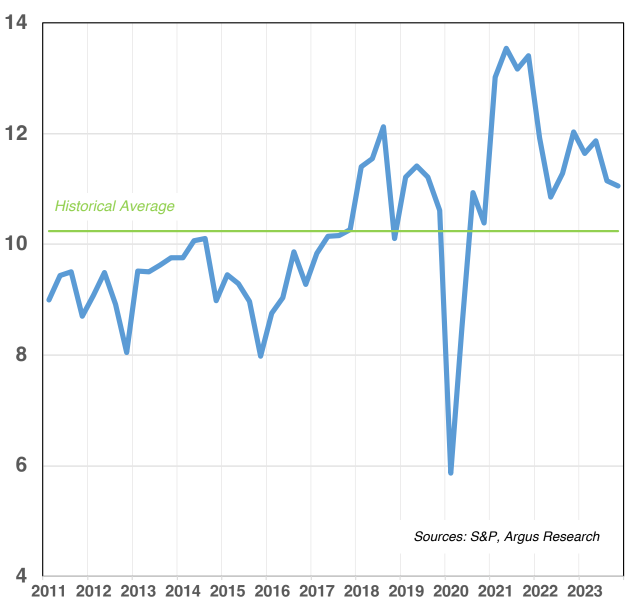
GOLD PRICE ($ PER OUNCE)



PROFIT MARGINS UNDER PRESSURE

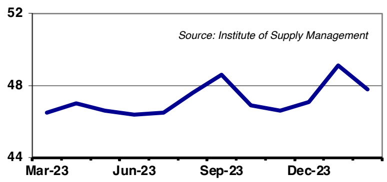
There are three drivers to EPS growth: higher sales, a wider operating margin, and a reduced share count. A decline in shares outstanding, which is the result of corporate share buybacks, is the lowest-quality driver of EPS growth. Higher sales -- as customers demand and pay for more products and services -- is the highest, especially when sales are driven by an increase in volume. Margin management is in the middle. Consistently wider margins, quarter after quarter, typically are a sign of good management, which is more often able to grow revenues faster than it grows costs. But that's a tall order in periods of high inflation and high interest rates. What's more, there's a cap to margins, as they don't rise indefinitely. Indeed, this is one of those statistics for which the concept "reversion to the mean" is relevant. In 2023, operating margins for S&P 500 companies averaged 11.4%. That was above the historical average of 10.3%, but down from 11.5% in 2022 and from a 15-year peak of 13.3% in 2021. It is a fair bet that margins will be under pressure in the next quarter or two due to inflation and high rates. But by the second half of the year, financing costs at least should be somewhat lower. Overall, we look for a modest widening for the S&P 500 operating margin in 2024, and for EPS growth in the 9%-10% range for the year.

S&P OPERATING-MARGIN TRENDS (%)

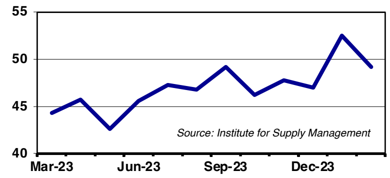


ECONOMIC TRADING CHARTS & CALENDAR

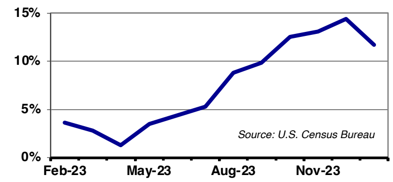
Release: **ISM Manufacturing**
Date: 4/1/2024
Month: March
Previous Report: 47.8
Argus Estimate: 48.5
Street Estimate: 48.0



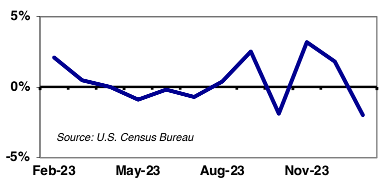
Release: **ISM New Orders**
Date: 4/1/2024
Month: March
Previous Report: 49.2
Argus Estimate: 49.5
Street Estimate: NA



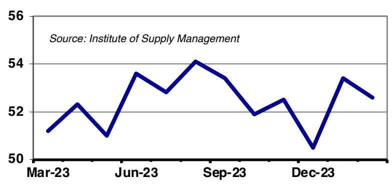
Release: **Construction Spending**
Date: 4/1/2024
Month: February
Previous Report: 11.7%
Argus Estimate: 12.0%
Street Estimate: NA



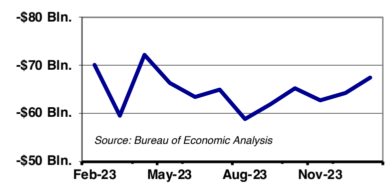
Release: **Factory Orders**
Date: 4/2/2024
Month: February
Previous Report: -2.0%
Argus Estimate: -1.0%
Street Estimate: NA



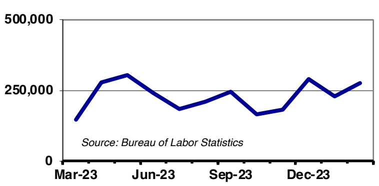
Release: **PCE Deflator**
Date: 3/29/2024
Month: February
Previous Report: 2.4%
Argus Estimate: 2.5%
Street Estimate: NA



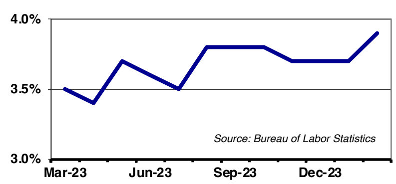
Release: **Trade Balance**
Date: 4/4/2024
Month: February
Previous Report: -$67.4 Bln.
Argus Estimate: -$69.0 Bln.
Street Estimate: NA



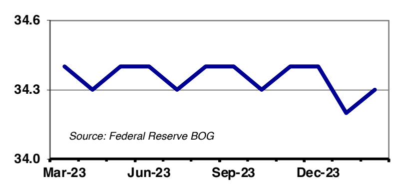
Release: **Nonfarm Payrolls**
Date: 4/5/2024
Month: March
Previous Report: 275000
Argus Estimate: 180000
Street Estimate: NA



Release: **Unemployment Rate**
Date: 4/5/2024
Month: March
Previous Report: 3.9%
Argus Estimate: 3.9%
Street Estimate: NA

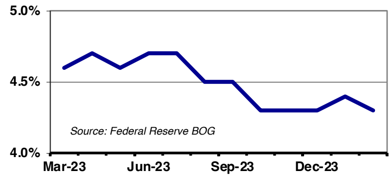


Release: **Average Weekly Hours**
Date: 4/5/2024
Month: March
Previous Report: 34.3
Argus Estimate: 34.2
Street Estimate: NA

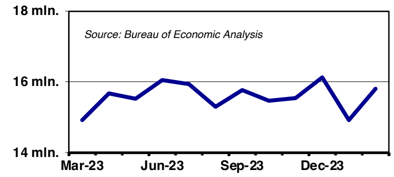


Previous Week's Releases and Next Week's Releases on next page.

Release:	**Average Hourly Earnings**
Date:	4/5/2024
Month:	March
Previous Report:	4.3%
Argus Estimate:	4.2%
Street Estimate:	NA



Release:	**Total Vehicle Sales**
Date:	4/5/2024
Month:	March
Previous Report:	15.81 mln.
Argus Estimate:	16.00 mln.
Street Estimate:	NA



Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
25-Mar	New Home Sales	February	664 K	680 K	NA	662 K
26-Mar	Consumer Confidence	March	106.7	105.0	106.7	NA
28-Mar	GDP Annualized QoQ	4Q Final	3.2%	3.2%	3.2%	NA
	GDP Price Index	4Q Final	1.6%	1.7%	1.7%	NA
29-Mar	PCE Deflator	March	2.4%	2.5%	NA	NA
	PCE Core Deflator	March	2.8%	2.8%	NA	NA
	Personal Income	March	4.8%	4.7%	NA	NA
	Personal Spending	March	4.5%	4.7%	NA	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
10-Apr	Consumer Price Index	March	3.2%	NA	NA	NA
	CPI ex-Food & Energy	March	3.8%	NA	NA	NA
	Wholesale Inventories	February	-2.5%	NA	NA	NA
11-Apr	PPI Final Demand	March	1.6%	1.0%	NA	NA
	PPI ex-Food & Energy	March	2.0%	1.8%	NA	NA
12-Apr	Import Price Index	March	-0.8%	0.6%	NA	NA
	U. of Michigan Sentiment	April	76.5	76.5	NA	NA