

# Independence Asset Advisors

## MONTHLY MARKET REVIEW – March 2024

	Mar 2024	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities S&P 500	3.22%	10.56%	29.88%	11.49%	15.05%	12.96%
U.S. Small Cap Equities Russell 2000	3.58%	5.18%	19.71%	-0.10%	8.10%	7.58%
Energy Infrastructure Equities Alerian U.S. Midstream	7.49%	13.76%	33.48%	27.93%	12.70%	6.42%
Core Infrastructure MSCI World Core Infrastructure	4.33%	4.48%	6.99%	3.32%	4.31%	3.92%
U.S. Real Estate Equities Dow Jones U.S. Select REIT	1.90%	-0.39%	10.45%	3.69%	2.99%	5.91%
Global Equities MSCI All Country World Index	3.14%	8.20%	23.22%	6.96%	10.92%	8.66%
International Developed Equities MSCI EAFE	3.29%	5.79%	15.32%	4.78%	7.33%	4.80%
Emerging Market Equities MSCI Emerging Markets	2.48%	2.37%	8.15%	-5.05%	2.22%	2.95%
U.S. Taxable Fixed Income Bloomberg U.S. Aggregate	0.92%	-0.78%	1.70%	-2.46%	0.36%	1.54%
U.S. Tax-Exempt Fixed Income Bloomberg Municipal Aggregate	0.00%	-0.39%	3.13%	-0.41%	1.59%	2.66%
High Yield Fixed Income Bloomberg U.S. Corporate High Yield	1.18%	1.47%	11.15%	2.19%	4.21%	4.44%
Floating Rate Loans Morningstar LSTA U.S. Leveraged Loan	0.85%	2.46%	12.47%	5.99%	5.48%	4.55%

## MARKET UPDATE

- Global equity markets rallied in March with the S&P 500 Index setting a record high of 5,254.
- Gains were abundant despite escalating geopolitical tensions and higher growth and inflation projections.
- U.S. large cap stocks gained 3.2%, with “value” outperforming “growth” by 2.4% (S&P 500).
- Relative valuations favored “value” over “growth” by 42% using current P/E vs. 20-year average P/E.
- Energy Infrastructure Equities gained 7.5% in March amid a 6.3% increase in crude oil prices (WTI).
- Non-U.S. equities also performed well, with the MSCI All Country World Index gaining 3.1%.
  - The MSCI ACWI ex-U.S. traded at a price-to-earnings discount to the S&P 500 Index of 35%.
  - Emerging markets gained 2.5% following a 0.7% y/y increase in Chinese total GDP.
- Fixed income index market returns were positive in March; IG and HY bond yields were 4.9% and 7.7%.
- With nominal yields at 4.2% and inflation at 3.8%, real yields were positive 0.4% at month-end.

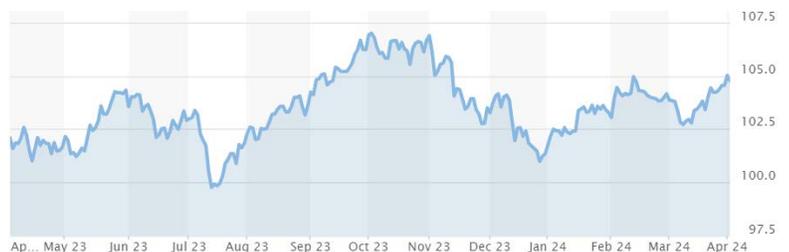
Sources: eVestment, JP Morgan, xe.com, Trading Economics, MacroTrends, The Economist, StatisticsCanada, Bloomberg, Financial Post, Deloitte Canada, bea.gov, U.S. Dept of Labor/Bureau of Labor Statistics

## IAA's WATCH LIST:

Category	Comments
<b>Growth</b>	<ul style="list-style-type: none"> <li>The U.S. economy grew at a 3.4% annualized pace in the fourth quarter.</li> <li>Trade was notably strong, with exports rising at a 5.1% annualized pace.</li> <li>Inventories detracted from growth.</li> </ul>
<b>Profits</b>	<ul style="list-style-type: none"> <li>The final estimate for fourth quarter 2023 operating earnings per share was \$53.91, which represents y/y earnings growth of 7.0% and q/q growth of 3.2%.</li> <li>Looking ahead, forward guidance from management teams shows muted earnings growth in 2024.</li> </ul>
<b>Jobs</b>	<ul style="list-style-type: none"> <li>The February jobs report showed non-farm payrolls rose by 275,000.</li> <li>While jobs added in February beat consensus expectations, nearly 167,000 jobs were lost over the prior two months.</li> <li>Wage growth also moderated to 0.1% m/m after increasing in January.</li> </ul>
<b>Inflation</b>	<ul style="list-style-type: none"> <li>Headline PCE inflation rose 0.3% m/m and 2.5% y/y; led by higher energy prices.</li> <li>Core PCE Inflation rose 0.3% m/m and 2.8% y/y.</li> <li>The inflation downtrend continued, but Core PCE remained above the 2% target.</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>The Fed held interest rates steady at 5.25%-5.50% when the FOMC met in March, and the median dot plot projection showed three rate cuts this year and one fewer cut next year.</li> <li>According to the Fed's projection, the first rate cut is still expected to take place sometime this summer.</li> </ul>

## CANADA:

- The U.S. dollar index (DXY) increased 0.4% in March and 3.2% year-to-date (see chart to the right), while the U.S. dollar strengthened 2.3% (YTD) against the Canadian dollar to end the month with an exchange rate of **1.35**.
- The Bank of Canada's policy rate remained unchanged at 5.00% in March.
- According to Statistics Canada, the Canadian economy has shown signs of stronger-than-expected growth in the first two months of the year.
- Real gross domestic product (GDP) grew 0.6% in January, beating expectations of 0.4%, and is predicted to rise another 0.4% in February.
- Deloitte Canada has cited the strength of the U.S. economy, cooling Canadian inflation, projected interest rate cuts to begin as soon as June (per the BoC), and a healthy flow of new workers, as primary reasons to support a soft landing scenario.



## COMMODITIES:

### OIL:

- **The price of crude oil was \$83.17 per barrel (WTI).**
- Oil prices increased \$4.91 per barrel, or 6.3%, in March.
- The monthly price increase was attributable to heightened geopolitical risk in the Middle East, which is expected to limit production, and strong economic data, leading to higher global demand.
- **Oil is forecasted to trade between \$83 and \$92 per barrel over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$77.10	\$83.92	\$70.38	17%
2023	\$77.64	\$93.84	\$66.74	-11%
2022	\$94.53	\$123.70	\$71.59	7%
2021	\$68.17	\$84.65	\$47.62	55%
2020	\$39.68	\$63.27	\$11.26	-21%
2019	\$56.99	\$66.24	\$46.31	35%
2018	\$65.23	\$77.41	\$44.48	-25%
2017	\$50.80	\$60.46	\$42.48	12%
2016	\$43.29	\$54.01	\$26.19	45%
2015	\$48.66	\$61.36	\$34.55	-31%
2014	\$93.17	\$107.95	\$53.45	-46%

### COPPER:

- **The price of copper was \$4.01 USD per pound.**
- Copper prices increased \$0.17 per pound, or 4.4%, in March.
- The monthly price increase was attributable to expanded factory activity in China and projections for lower supply, as Chinese smelters moved closer to a joint output cut agreement.
- **Copper is forecasted to trade between \$3.80 and \$4.10 per pound over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$3.87	\$4.13	\$3.68	3%
2023	\$3.86	\$4.28	\$3.57	2%
2022	\$4.00	\$4.94	\$3.23	-14%
2021	\$4.24	\$4.76	\$3.52	27%
2020	\$2.80	\$3.63	\$2.10	26%
2019	\$2.72	\$2.97	\$2.53	6%
2018	\$2.93	\$3.30	\$2.56	-20%
2017	\$2.81	\$3.30	\$2.49	32%
2016	\$2.20	\$2.69	\$1.94	17%
2015	\$2.49	\$2.94	\$2.02	-25%
2014	\$3.11	\$3.38	\$2.83	-17%

### ALUMINUM:

- **The price of aluminum was \$2,337 USD per tonne.**
- Aluminum prices increased \$109 per tonne, or 4.9%, in March.
- The monthly price increase was attributable to positive economic data from China, which helped to abate concerns of lower demand from the world's largest consumer of the base metal. Prices were also supported by looming supply concerns.
- **Aluminum is forecasted to trade between \$2,303 USD/tonne and \$2,340 over the next 12 months.**

Year	Ave. Price	High	Low	% Change
2024	\$2,243	\$2,382	\$2,154	-2.0%
2023	\$2,288	\$2,662	\$2,122	0%
2022	\$2,711	\$3,966	\$2,103	-15%
2021	\$2,486	\$3,198	\$1,954	42%
2020	\$1,732	\$2,068	\$1,427	9%
2019	\$1,811	\$1,936	\$1,706	-2%
2018	\$2,115	\$2,556	\$1,817	-19%
2017	\$1,979	\$2,272	\$1,686	34%
2016	\$1,610	\$1,784	\$1,450	12%
2015	\$1,679	\$1,978	\$1,436	-18%
2014	\$1,984	\$2,107	\$1,840	0%

## Disclosures:

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