

Stocks Fell in April After Five Straight Months of Gains

MAY 2024



Major stock indices fell in April after five straight months of gains. The S&P 500 Index, the tech-heavy Nasdaq and the Dow Jones Industrial Average all decreased about 4% for the month. Only one of the 11 sectors in the S&P 500 rose in value. Utilities climbed about 1.5% while Real Estate was the worst-performing sector, declining 8.5%.

April only marks a short-term setback in the market: In the first four months of 2024, the S&P 500 has gained 6% and over the past year, it has risen over 22%. Corporate America remains strong which bodes well for future gains. First-quarter earnings of the S&P 500 companies that have reported so far have experienced an average earnings growth rate of 3.4%, which is the third consecutive quarter of year-over-year earnings growth.¹

Stocks fell during the month as investors realized the Federal Reserve might not lower the federal funds rate in 2024. Interest rates can affect the borrowing costs of companies so lower rates can strengthen their balance sheets and improve profit margins. At the beginning of the year, as many as six rate cuts were expected in 2024. Now future rate cuts appear uncertain due to persistent inflation, which increased 3.5% over the past year ended March.²

Also in March, the unemployment rate was 3.8%. Since August 2023, unemployment has stayed in a narrow range between 3.7% and 3.9%.³

Monthly pullbacks in the stock market are normal. Keep in mind that the S&P 500 has historically declined about four out of 12 months each year and has had positive annual returns 70% of the time since 1929⁴. It's more important to focus on the long-term investment goals such as paying for the education of a child or grandchild or setting aside money for retirement or a business venture. Let Buska Wealth Management help you build an overall investment portfolio that can meet your personal goals.

Contact Us

Wausau Office

1818 Grand Ave.
Wausau, WI 54403
(715) 355-4445

Eau Claire Office

3621 E Hamilton Ave.
Eau Claire, WI 54701
(715) 318-4540

investwithbuska.com

1. FactSet, 4/26/24. 2. U.S. Bureau of Labor Statistics. 3. Bureau of Labor Statistics, U.S. Department of Labor. 3. Macrotrends.net

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