

April Showers & May Flowers

Steve Taddie

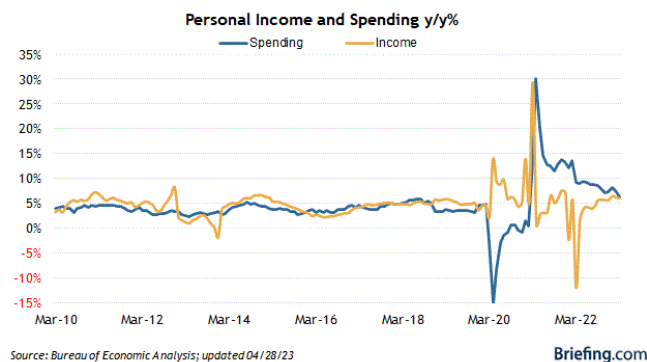
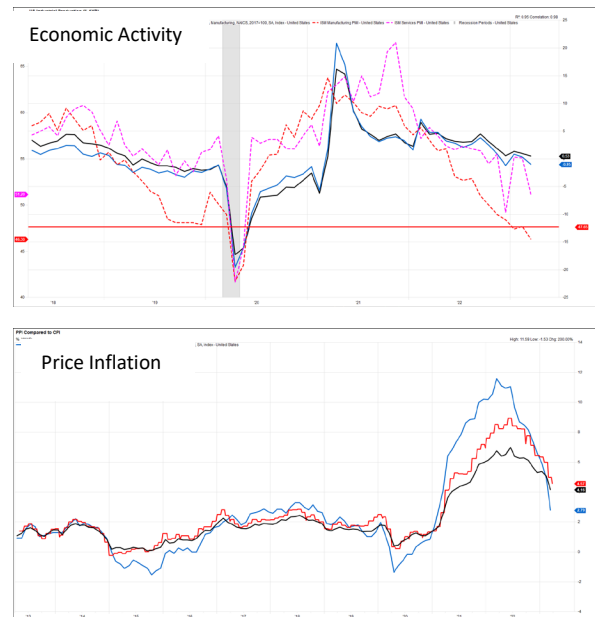


The Economist

accelerants being thrown on the fire, we can chart a path for CPI to the mid 2% range by year end if month over month data matches the longer-term average. That said, the Fed is poised to raise rates another ¼ point this week. If so, one would hope for a softer, data dependent tone after the fact.

Diving into the tough topic of small banks is appropriate. The charts to the left, tell a story about large, mid, and small banks. Certainly, there are exceptions to the generalizations, as is the possibility that we have only scratched the surface of shortcomings. Quarterly financial ratios shown in Q1 bank reports mask last month’s bank version of March Madness, as that data represents the quarter’s average, with March making up only 1/3 of the average. Sudden fractures in the financial infrastructure do not heal overnight, but they do heal, creating a bit of collateral damage while the patient is in the recovery room. With small and mid-sized banks making up a lion’s share of small business lending, the proverbial rubber meets the road with available capital for small businesses lending.

Economic activity and inflation are slowing as the charts on the right indicate. Add in a bit of banking indigestion and it should be a recipe for the Federal Reserve (Fed) to consider pausing rate hikes. Inflation’s transitory period while a longer journey than anticipated, is on the right path, and absent new

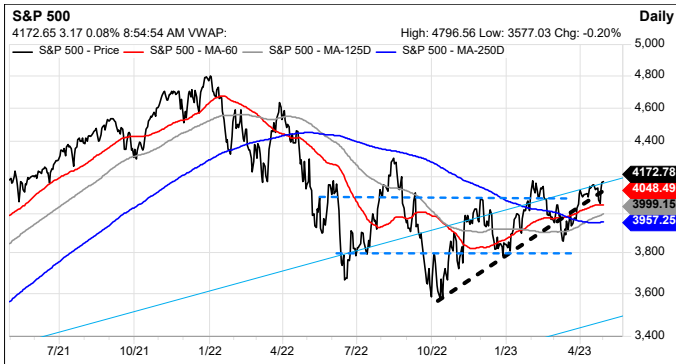


There was some attention given to consumerism as the weak Q1 GDP report (+1.1%) was buoyed by consumption’s +2.4% impact on GDP. But it was January’s 2.0% Personal Spending gain that provided the lift, as February and March data came in at 0.1% and 0.0% respectively. The observation that after much volatility, income and spending are becoming more normalized is a good sign.

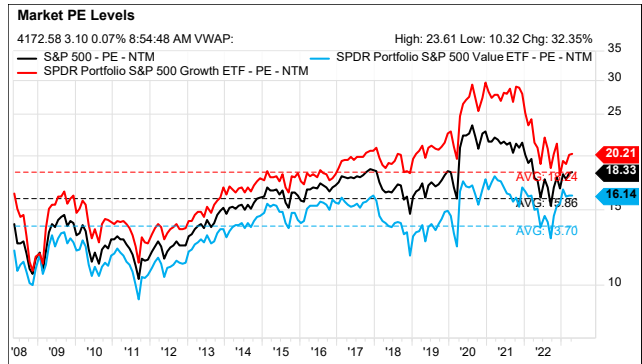
The stock market has one eye on 2024 EPS estimates as it grinds its way higher, and past the turmoil de jour, and longer-term interest rates seem to be settling into a trading range, anticipating contained inflation and Fed Hawks beginning to turn dovish. Lots of graphs this month, as they say, “a picture can be worth a thousand words.”

Stocks:

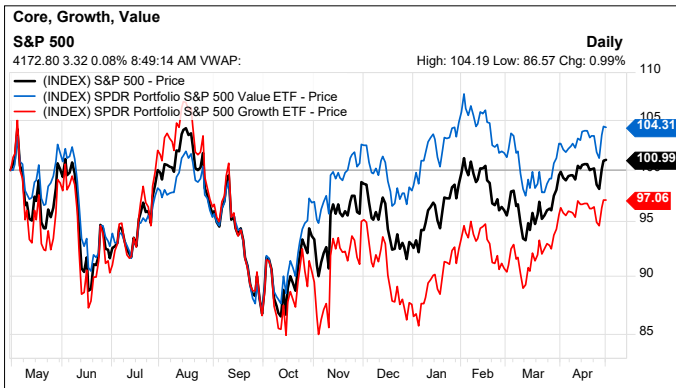
S&P 500 - Price



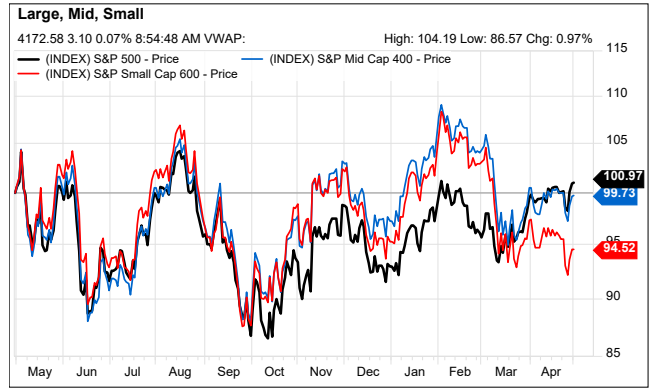
S&P 500 - PE Ratios



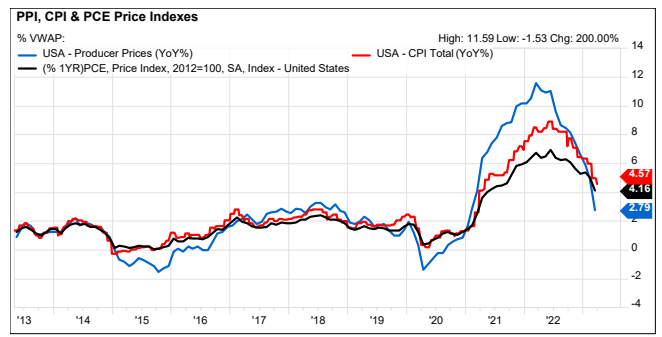
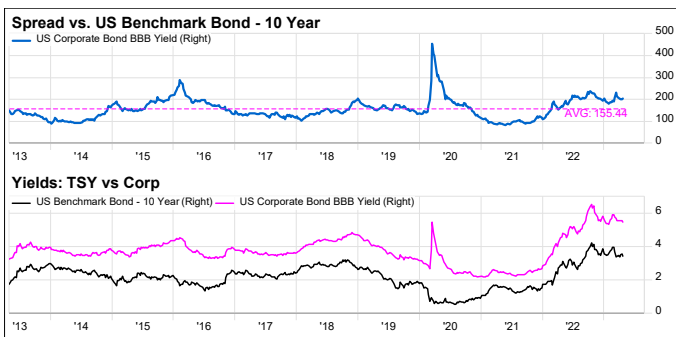
Growth vs Value



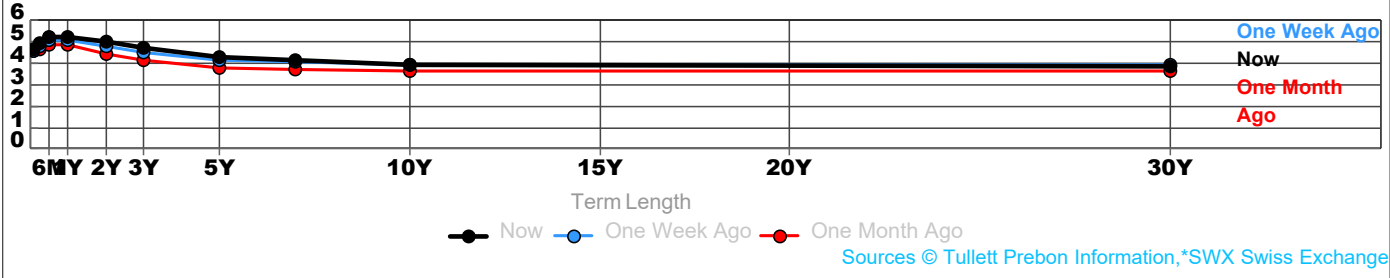
Capitalization Compare



Interest Rates & Inflation:



Yield Curve (United States)



Your vision. Today's solutions. **Tomorrow's results.**