



WEEKLY ECONOMIC UPDATE MARCH 18, 2024

Stocks fell for the second straight week on inflation concerns despite a report on consumer prices that was initially well received by investors.

Stocks Slide

Tuesday was the only bright spot during the week as stock prices rose after the Labor Department report showed the Consumer Price Index rose 3.2% in February compared with a year earlier. It was a bit warmer than economists expected but cooler than investors feared. The news sparked a day-long rally, with the Standard & Poor's 500 stock index setting its 17th record high of the year.^{1,2}

Following Tuesday, caution lingered as investors parsed the underlying data behind headline consumer inflation numbers. Thursday's fresh producer price index (PPI) report showed that wholesale prices increased by 0.6% in February, more than the expected 0.3% increase. Additionally, core PPI (excluding food and energy) was hotter than expected.

Retail sales, also reported on Thursday, were disappointing, rising less than expected and adding to the inflation angst. The news rattled investors and contributed to stocks closing lower for three consecutive days to end the week.^{3,4}

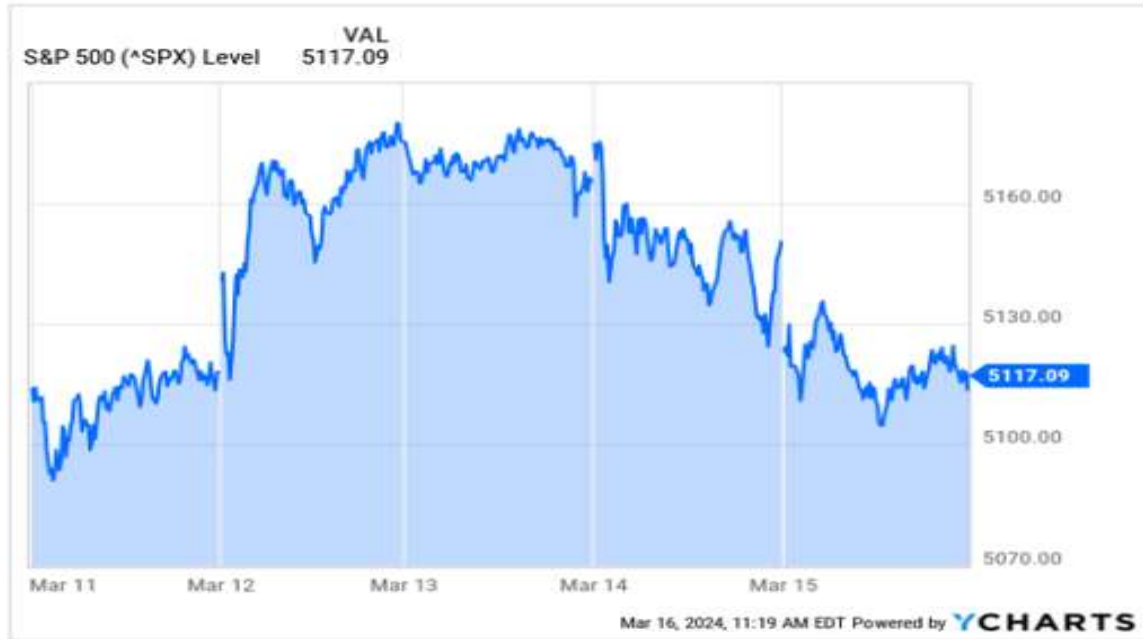


Weekly Market Insights (WMI)

Major Index Return Summary

Name	5D TR	1M TR	YTD TR	1Y TR
Dow Jones Industrial Average	-0.02%	0.10%	3.22%	24.07%
MSCI EAFE	-1.38%	4.22%	4.44%	21.96%
Nasdaq Composite	-0.70%	0.50%	6.58%	40.82%
S&P 500	-0.13%	1.88%	7.63%	33.59%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
10 Year Treasury Rate	4.31%	4.24%	1.65% ▲
Date:		3M Ago	3M Change
		1Y Ago	1Y Change
		3.91%	10.23% ▲
		3.51%	22.79% ▲

Source: YCharts.com, March 16, 2024. Weekly performance is measured from Monday, March 11, to Friday, March 15.

ROC 5 = the rate of change in the index for the previous 5 trading days.

TR = total return for the index, which includes any dividends as well as any other cash distributions during the period.

Treasury note yield is expressed in basis points.

Broadening Leadership

Unlike the prior week when the S&P 500 fell the least, last week it lost slightly more than the Dow but less than the Nasdaq. That performance pattern suggests market leadership may be broadening. Also, the energy, financials, and materials sectors all posted gains last week, showing that other groups may join the tech-led rally.⁵

This Week: Key Economic Data

Monday: Housing Market Index.

Tuesday: FOMC Meeting Begins. Housing Starts and Permits. 20-Year Treasury Bond Auction.

Wednesday: FOMC Announcement. Fed Chair Press Conference. EIA Petroleum Status Report.

Thursday: Jobless Claims. Existing Home Sales. Fed Balance Sheet.

Quote of the Week



"Ask no questions and you'll hear no lies."

– James Joyce

Of Note



It won't be long before governments around the world, including the one in Washington, self-destruct. Strong words, but anything less would be naïve. As

economist Herbert Stein once said, “If something cannot go on forever, it has a tendency to stop.” Case in point: fiat money political regimes. Interventionist economies of the West are in a fatal downward spiral, comparable to that of the Roman Empire in the second century, burdened with unsustainable debt and the anti-prosperity policies of governments, especially forever wars and green new deal.

In the global Ponzi scheme, thin air and deceit substitute for sound money. As hedge-fund manager Mitch Feierstein wrote in *Planet Ponzi*, “You don’t solve a Ponzi scheme; you end it.” Charles Ponzi and Bernie Madoff made some of their investors a whole lot poorer, but the world didn’t come crashing down as a result. For that—for a Ponzi scheme that would threaten to bankrupt capitalism across the entire Western world—you need people much smarter than Ponzi or Madoff. You need time, you need energy, you need motivation. In a word, you need Wall Street.

But Wall Street alone doesn’t have the strength to deliver a truly cataclysmic outcome. If your ambition is to create havoc on the largest possible scale, you need access to a balance sheet running into the tens of trillions. You need power. You need prestige. You need a remarkable willingness to deceive. In a word, you need Washington.

As Gary North wrote in a brief review of Feierstein’s book, “The central banks have colluded with the national governments in order to fund huge increases of national debt, beyond what can ever be paid off. In other words, [Feierstein] has described government promises as part of a gigantic international Ponzi scheme.” In a recent interview, Peter Schiff, who was laughed at when he predicted the economic meltdown of 2007–9, said interest on the federal debt alone “will be about a trillion by the end of this year. By the end of next year [it will reach] two trillion dollars—and that’s if interest rates don’t go up...This is a huge debt bomb that’s going to explode.”

Ultra-high corporate and credit card debt, along with bank insolvency sustains his argument for a coming collapse, the polar opposite of Biden’s economic dream. Along with this, Reuters notes that the spread between two and ten- year Treasuries is at the deepest inversion since 1981. Rarely has an inverted yield curve not signaled a recession.

The state can't do anything significant without monopolizing money, and the Orwellian central bank digital currencies (CBDCs) will be the latest installment to control the monetary system. The new FedNow payment system with its emphasis on user convenience is providing the framework and psychological grooming for CBDCs. There are those trying to stop this from happening, however. Two states, Florida and Indiana, have effectively banned CBDCs as money in those states. Other states will likely follow.

Many people will turn to barter, some using barter metals, and to the shadow economy. If this sounds desperate, consider how the global black market in 2011 was the world's fastest-growing economy. Sometimes referred to as System D, it features both the usual, small transactions of flea market trades or workers looking for employment in the parking lots of home improvement stores and also larger, international trades. David Obi, a Nigerian, relying on his cell phone and his own initiative, contacted a Chinese firm to have small diesel-powered generators shipped to his home country, where electric power is often scarce: "Like almost all the transactions between Nigerian traders and Chinese manufacturers, it was also sub rosa: under the radar, outside of the view or control of government, part of the unheralded alternative economic universe of System D."

Friedrich Schneider, research fellow at Johannes Kepler University Linz, Austria, whose expertise is in off-government economies and who coauthored *The Shadow Economy*, found that System D is growing faster in many countries than the officially recognized gross domestic product. If System D were an independent nation, it would be the second-largest economy in the world. Whatever you call it, it describes a behavior many are adopting to survive the coming collapse of government Ponzi schemes.⁶

Footnotes And Sources

1. The Wall Street Journal, March 15, 2024
2. The Wall Street Journal, March 12, 2024
3. CNBC, March 15, 2024
4. CNBC, March 15, 2024
5. Sector SPDRs, March 15, 2024
6. [zerohedge.com/economics/coming-collapse-global-ponzi-scheme](https://www.zerohedge.com/economics/coming-collapse-global-ponzi-scheme)

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market.

Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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