Ropes Wealth Reviews March Stock Market Madness

March Madness is big business for the National Collegiate Athletic Association (NCAA), when its most anticipated basketball games tip off and sports fanatics scramble to fill out tournament brackets and place bets in office pools. The NCAA typically pulls in just over a whopping $1 billion a year in revenue from the media rights, merchandise licensing, ticket sales, and corporate sponsorships associated with the three-week tournament. In 2023, 68 million Americans wagered a staggering $15.5 billion on the tournament, according to the American Gaming Association. And following a U.S. Supreme Court ruling in 2021, student athletes now get paid by endorsement deals for the use of their names, images, and likenesses (NIL), with Power 6 basketball players earning an average of $75,000 in income in addition to their scholarships. Some college superstars earn millions like USC point guard Bronny James (son of LeBron, $5.9 million), Iowa forward Caitlin Clark ($3.1 million), and Duke shooting guard Jared McCain ($1 million), to name a lucky few.

Besides all the money changing hands, the most exciting part of the tournament is watching how inevitably some lower-seeded underdog makes a further tournament run than expected, becoming the Cinderella story of the season. It didn't take long for brackets across the nation to get busted this year, as #3 Kentucky was unexpectedly felled by #14 Oakland University on Thursday night. Wins like these are why the tournament is so engaging, when the underdog by all counts comes out on top. Notably, Oakland head coach Greg Kampe, who has led the team for a remarkable 40 seasons said of his team, *"When you have great kids with great character, that's how you win close games."* It was a beautiful moment for a man of great loyalty to his team and with great passion for the sport of basketball, and a reminder to all of us that the sweetest wins come from persistence and a focus on quality, which is also true for your investment plan (c'mon, you knew that was coming).

Fed Chairman Jay Powell did not bust any brackets this week with the as expected results of the March Federal Open Market Committee (FOMC) meeting. There were no changes to current interest rate policy, still in a range of 5.25% to 5.50%, though the Fed continues to project 75 basis points in cuts between now and year-end. Fed Chair Powell was asked if hotter January and February inflation data had "dented" officials' confidence in their outlooks for continued inflation improvement. He noted he believes *"the story is really essentially the same. And that is of inflation coming down gradually toward 2 percent on a somewhat bumpy path."* While the Fed and European Central Bank (ECB) have not cut rates yet, the Swiss National Bank did on Thursday, by 25 basis points to 1.5%, causing the Swiss franc to drop versus the euro and dollar following the surprise move.

What did surprise investors this week was the news that the U.S. Justice Department and 16 attorney generals sued Apple, accusing the iPhone maker of violating antitrust laws by blocking rivals from accessing hardware and software features on its popular devices. The suit, filed Thursday in New Jersey federal court, marks the culmination of a five-year probe into the company, alleging that Apple has used its power over app distribution on the iPhone to thwart innovations that would have made it easier for consumers to switch phones. The company has refused to support cross-platform messaging apps, limited third-party digital wallets and non-Apple smartwatches, and blocked mobile cloud streaming services. This suit follows earlier month news that the European Union fined Apple $2 billion for shutting out rival music services on the iPhone. Apple is appealing the ruling. The stock remains off over -11% this year, as these lawsuits are unnerving investors.

Rounding out the week's news was a resilient showing by the housing market, with rebounding housing starts (up 10.7%), building permits (up 1.9%), and existing home sales (up 9.5%). In addition, the Conference Board's Leading Economic Index (LEI) snapped a streak of more than 20 monthly declines and exceeded economist estimates by rising 0.1% in February. Less good news is the persistent stickiness in gasoline prices, which are averaging $3.52 per gallon, up 7.3% from a month ago and up 2.1% from a year ago, according to AAA. Putin's "reelection" and lack of progress on a ceasefire in the Middle East continue to weigh on the outlook for energy price relief.

As the madness continues, basketball and otherwise, the stock market continues to play to win, with the S&P 500 and NASDAQ nearing 10% advances year-to-date, and the 10-year bond yield now down to 4.25%. Notably, though, European stocks are also on track for nine straight weeks of gains, while value and cyclical sectors within the U.S. like energy are now playing catch up to big tech. Will there be a Cinderella story for the markets this year as less loved market segments pull an upset? It is a good time to consider some prudent rebalancing, so your investment plan is well set up for the next round as the second quarter is nearly upon us.

Thank you for your interest in our investment commentary and for your relationship with us. And a special thanks to the Knight boys for their help fact-checking their mother's NCAA facts and figures. If you would like to speak personally with a member of our team at any time, please click **here**.

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