

Weekly Market Update



Market Data as of Week Ending: 1/5/2024 unless noted otherwise

For the first time in more than nine weeks, the S&P 500 ended the week lower as investor sentiment showed some signs of skepticism. Analysts have been lowering S&P 500 earnings growth expectations, with the most recent forecasts coming in around 1% for the fourth quarter and calendar year 2023. Large company stocks finished the week outperforming their small and mid-cap peers, while the value factor generally outperformed growth. Sector results were mixed, with some modest gains coming from the more defensive sectors such as health care and utilities, followed by small increases in energy and financials. Information technology and consumer discretionary were the worst-performing sectors for the week, followed by losses in industrials and real estate. Developed foreign equities finished the week with a small loss but outperformed domestic and emerging markets lagged most developed market peers.

Fixed income performance reversed course as yields increased across the curve. Both the 2 and 10-year treasury yields advanced, ending the week at 4.40% and 4.05%, respectively. There was no change to the slope of the yield curve, which remains inverted with the 2-10 slope at -0.35%. Short-duration government bonds outperformed while long-duration government bonds lagged. Yields on US Corporate and High Yield were also higher, ending the week at 5.28% and 8.14%, respectively.

Economic data was mixed and headlined by the monthly jobs report that showed an increase of 216,000 jobs in the month of December. That figure came in well above expectations of 170,000, and the unemployment rate remained unchanged at 3.7%. Weekly hours worked came in a little lower at 34.3, down from 34.4, but average hourly earnings increased to a monthly gain of 0.4%, or 4.1% annually. Job openings were down again to 8.79 million and continue to trend lower as the demand for labor normalizes. Survey data from ISM Manufacturing was better than expected, but the sector is still pointing toward contraction at 48.1. On the other hand, the ISM Services figure came in worse than expected but remains in expansion territory at 50.6. Investors were likely spooked by what was missing in the December Fed Meeting Minutes, which were released last week. Despite the dovish sentiment from Chairman Powell, the meeting minutes lacked any clear plans that the FOMC was ready to start cutting policy rates as the discussion was much more hawkish than expected.

U.S. Equity Returns (Size & Style - Russell)

	Value	Week Core	Growth	Value	MTD Core	Growth	Value	QTD Core	Growth	Value	YTD Core	Growth
Large	-0.34%	-1.62%	-2.71%	-0.34%	-1.62%	-2.71%	-0.34%	-1.62%	-2.71%	-0.34%	-1.62%	-2.71%
Mid	-1.63%	-2.17%	-3.45%	-1.63%	-2.17%	-3.45%	-1.63%	-2.17%	-3.45%	-1.63%	-2.17%	-3.45%
Small	-3.26%	-3.73%	-4.23%	-3.26%	-3.73%	-4.23%	-3.26%	-3.73%	-4.23%	-3.26%	-3.73%	-4.23%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Short	Week Interim	Long	Short	MTD Interim	Long	Short	QTD Interim	Long	Short	YTD Interim	Long
Govt	-0.37%	-0.57%	-2.73%	-0.37%	-0.57%	-2.73%	-0.37%	-0.57%	-2.73%	-0.37%	-0.57%	-2.73%
Corp	-0.48%	-0.87%	-2.84%	-0.48%	-0.87%	-2.84%	-0.48%	-0.87%	-2.84%	-0.48%	-0.87%	-2.84%
HY	-0.86%	-1.11%	-1.55%	-0.86%	-1.11%	-1.55%	-0.86%	-1.11%	-1.55%	-0.86%	-1.11%	-1.55%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-1.50%	-1.50%	-1.50%	-1.50%
S&P MidCap 400	-2.46%	-2.46%	-2.46%	-2.46%
Russell 2000	-3.73%	-3.73%	-3.73%	-3.73%
MSCI EAFE	-1.26%	-1.26%	-1.26%	-1.26%
MSCI Emerging Markets	-2.09%	-2.09%	-2.09%	-2.09%
MSCI EAFE Small Cap	-2.25%	-2.25%	-2.25%	-2.25%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.66%	-0.66%	-0.66%	-0.66%
Bloomberg US Agg	-1.20%	-1.20%	-1.20%	-1.20%
Bloomberg US High Yield	-1.12%	-1.12%	-1.12%	-1.12%
Other				
Bloomberg Commodity	0.09%	0.09%	0.09%	0.09%
S&P Dev Property	-1.94%	-1.94%	-1.94%	-1.94%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-3.45%	-3.45%	-3.45%	-3.45%
Consumer Staples	0.05%	0.05%	0.05%	0.05%
Energy	1.12%	1.12%	1.12%	1.12%
Financials	0.40%	0.40%	0.40%	0.40%
Health Care	2.10%	2.10%	2.10%	2.10%
Industrials	-2.15%	-2.15%	-2.15%	-2.15%
Info Technology	-4.04%	-4.04%	-4.04%	-4.04%
Materials	-1.42%	-1.42%	-1.42%	-1.42%
Real Estate	-1.90%	-1.90%	-1.90%	-1.90%
Communication Svcs	-1.12%	-1.12%	-1.12%	-1.12%
Utilities	1.84%	1.84%	1.84%	1.84%

Bond Yields

	1/5/24	12/31/23	12/31/23	12/31/23
3Mo Libor	5.59%	5.59%	5.59%	5.59%
SOFR 3Mo Swap	5.32%	5.33%	5.33%	5.33%
2Yr Treasury	4.40%	4.23%	4.23%	4.23%
10Yr Treasury	4.05%	3.88%	3.88%	3.88%
2-10 Slope	-0.35%	-0.35%	-0.35%	-0.35%

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.