

Weekly Market Update



Market Data as of Week Ending: 12/20/2024 unless noted otherwise

Equity markets extended losses last week after investors were caught off guard by a more hawkish tone from the Fed than anticipated. This year's size and style trends continued, with large-cap stocks outperforming small- and mid-cap stocks and growth outperforming value. All sectors of the S&P 500 were lower, but Information Technology was the best-performing sector, boosted by Nvidia's performance. Energy was the worst-performing sector as global geopolitical tensions eased, and China's demand for oil appears to be slowing. Foreign stocks also ended the week lower. Developed markets continue to face threats from tariffs and uncertainty about the path of interest rates. Emerging markets traded lower as investors questioned the growth of China's economy and the impact of potential changes to U.S. trade policies with the newly elected administration.

Fixed-income markets were lower last week as yields increased in response to Wednesday's Fed meeting. The 10-year yield ended the week at 4.52%, breaching 4.5% for the first time since May. Short-duration bonds outperformed long-duration bonds. Government bonds outperformed corporates and high-yield bonds as high-yield spreads expanded throughout the week. The 2-10-year yield curve continued to steepen, ending the week at 0.22%. Investment-grade corporate bond yields and high-yield bonds increased, ending the week at 5.33% and 7.64%, respectively.

Economic data was plentiful last week, but all eyes were on the Fed. As expected, the Committee decided to lower the target range for the federal funds rate by 0.25%. Chairman Jerome Powell's tone in the following press conference was more hawkish than expected, and the Summary of Economic Projections surprised investors, as committee members projected only two rate cuts in 2025, along with increased inflation expectations. Markets sold off in response to Wednesday's meeting but recouped some losses on Friday after a better-than-expected inflation report. Core PCE, the Fed's preferred inflation measure, rose 0.1%, which was lower than expected and had the lowest monthly reading since May. Other economic data released throughout the week continued to provide evidence of a strong U.S. economy. The Q3 GDP (final) report showed that annualized GDP increased 3.1% in November, higher than previous estimates. Retail sales increased by 0.7% in November, which was above expectations, up from 0.5% in October. Weekly initial jobless claims were also better than expected, as jobless claims fell by 22k to 220,000.

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

	Value	Week Core	Growth	Value	MTD Core	Growth	Value	QTD Core	Growth	Value	YTD Core	Growth
Large	-2.89%	-2.16%	-1.55%	-6.63%	-1.94%	2.31%	-1.76%	3.65%	8.59%	14.62%	25.60%	35.25%
Mid	-3.48%	-3.29%	-2.73%	-6.90%	-6.13%	-3.86%	-1.31%	1.60%	10.86%	13.57%	16.47%	25.17%
Small	-5.33%	-4.43%	-3.58%	-8.44%	-7.82%	-7.22%	-1.18%	0.82%	2.77%	7.93%	12.07%	16.36%

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

	Short	Week Intern	Long	Short	MTD Intern	Long	Short	QTD Intern	Long	Short	YTD Intern	Long
Govt	-0.17%	-0.32%	-1.62%	-0.30%	-0.70%	-4.75%	-1.02%	-1.81%	-8.06%	3.10%	2.30%	-5.82%
Corp	-0.29%	-0.57%	-1.79%	-0.32%	-0.84%	-3.89%	-0.59%	-1.51%	-5.80%	4.74%	4.11%	-1.53%
HY	-0.60%	-0.79%	-2.28%	-0.37%	-0.60%	-1.36%	0.45%	-0.01%	-0.75%	8.38%	8.02%	6.30%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-1.97%	-1.60%	3.23%	26.03%
S&P MidCap 400	-4.64%	-7.08%	0.39%	13.98%
Russell 2000	-4.43%	-7.82%	0.82%	12.07%
MSCI EAFE	-3.58%	-3.43%	-9.20%	2.60%
MSCI Emerging Markets	-3.12%	-0.49%	-8.34%	7.12%
MSCI EAFE Small Cap	-3.07%	-3.50%	-9.49%	0.56%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	-0.40%	-0.74%	-1.72%	2.87%
Bloomberg US Agg	-0.69%	-1.62%	-3.05%	1.27%
Bloomberg US High Yield	-0.81%	-0.62%	-0.02%	7.99%
Other				
Bloomberg Commodity	-1.04%	-0.33%	-1.78%	3.97%
S&P Dev Property	-3.84%	-7.49%	-9.96%	1.79%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	-2.59%	4.61%	16.73%	32.96%
Consumer Staples	-2.52%	-3.79%	-2.05%	16.30%
Energy	-5.57%	-11.67%	-4.81%	3.15%
Financials	-1.99%	-5.50%	7.02%	30.47%
Health Care	-2.16%	-6.34%	-10.42%	2.44%
Industrials	-2.60%	-6.95%	-1.21%	18.74%
Info Technology	-0.72%	2.46%	6.18%	38.36%
Materials	-4.11%	-9.60%	-11.33%	1.21%
Real Estate	-4.78%	-9.35%	-8.70%	4.36%
Communication Svcs	-2.11%	4.43%	9.76%	41.38%
Utilities	-1.58%	-7.83%	-5.40%	23.58%

Bond Yields

	12/20/24	11/30/24	9/30/24	12/31/23
SOFR 3Mo Swap	4.33%	4.47%	4.63%	5.33%
2Yr Treasury	4.30%	4.13%	3.66%	4.23%
10Yr Treasury	4.52%	4.18%	3.81%	3.88%
2-10 Slope	0.22%	0.05%	0.15%	-0.35%

Commodities and Currency

	12/20/24	11/30/24	9/30/24	12/31/23
Oil (\$/barrel)	70.06	68.72	68.17	71.65
Gold (\$/oz.)	2622.91	2643.15	2634.58	2062.98

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