

Weekly Market Recap

January 21st, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500 [®] Index	5,997	2.9%	2.0%
Dow Jones Industrial Average	43,488	3.7%	2.2%
NASDAQ	19,630	2.4%	1.7%
Russell 2000 [®] Index	2,276	4.0%	2.1%
MSCI EAFE Index	2,283	1.7%	0.9%
Ten-Year Treasury Yield	4.62%	-0.1%	0.7%
Oil WTI ¹ (\$/bbl ²)	\$77.45	1.1%	8.0%
Bonds ³	\$96.92	1.0%	0.0%

¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

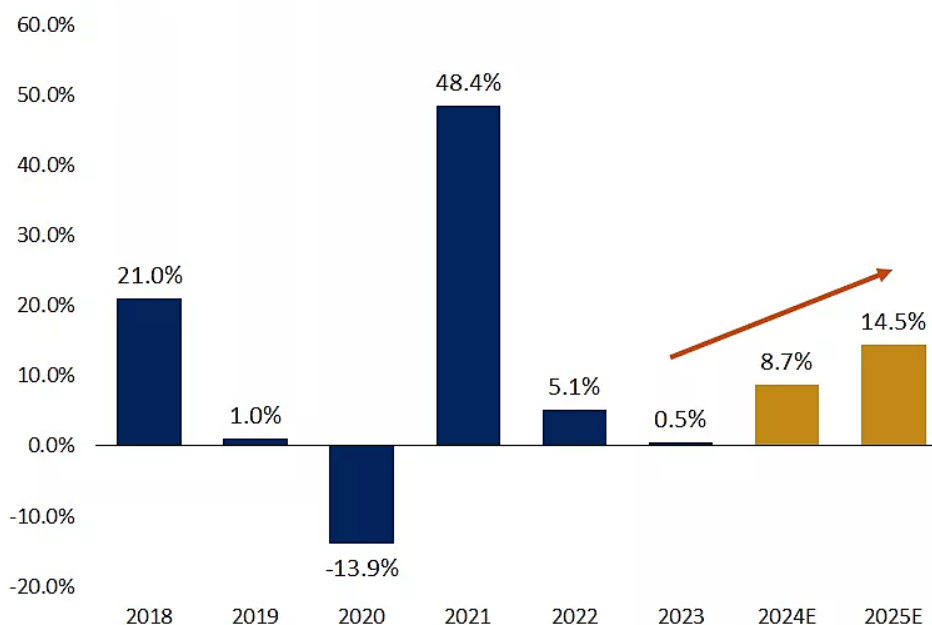
Last Week:

U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +2.9% as Wednesday's Consumer Price Index (CPI) report showed Core CPI was below analyst expectations, which appeared to reduce inflation fears and concerns regarding the Federal Reserve (Fed)'s interest rate path. Additionally, the December Producer Price Index (PPI) report on Tuesday showed a flat core increase in inflation. Weekly initial jobless claims ticked up from last week's low reading but continuing claims were lighter. The 10-year Treasury yield fell to 4.62% from 4.77%, which appeared to reduce inflation concerns. The U.S. dollar was down, gold was up +1.2%, and oil (WTI) was up +1.1%.
- S&P 500 Index Sector Returns:
 - Energy (+6.1%) rose, as the price of oil increased +1.1%.
 - Financials (+6.1%) rose, led by banks, asset managers, and credit cards.
 - Materials (+6.0%) rose, led by chemical companies.
 - Real Estate (+4.8%) rose, as interest rates fell modestly.
 - Industrials (+4.8%) rose, led by machinery stocks and transports.
 - Utilities (+4.3%) rose, as rates fell modestly.
 - Consumer discretionary (+4.0%) rose, led by homebuilders.
 - Technology (+1.6%) rose, led by software.
 - Communication services (+1.3%) rose, led by social media and traditional media stocks.
 - Consumer staples (+1.3%) and healthcare (+0.3%) underperformed, as investors appeared to favor less-defensive equities.

- Earnings growth for the S&P 500 Index may accelerate for the second year in a row.

S&P 500 earnings growth is expected to accelerate for the second year in a row in 2025



The yellow bars represent the estimates (E). Sources: FactSet; Edward Jones; The Daily Shot.

- Since 2023, each time the 10-Year Treasury yield exceeded 4.5%, U.S. equities experienced heightened downside volatility.

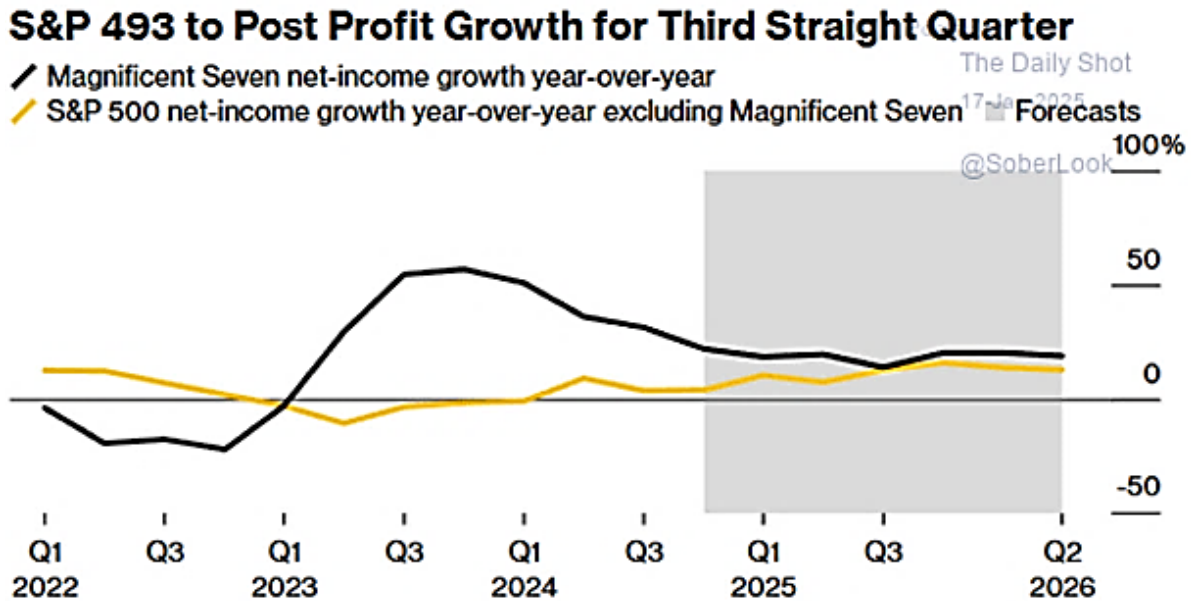
10-year yields at 4.5% or above have been a headwind for stocks



Sources: Bloomberg L.P.; Edward Jones.

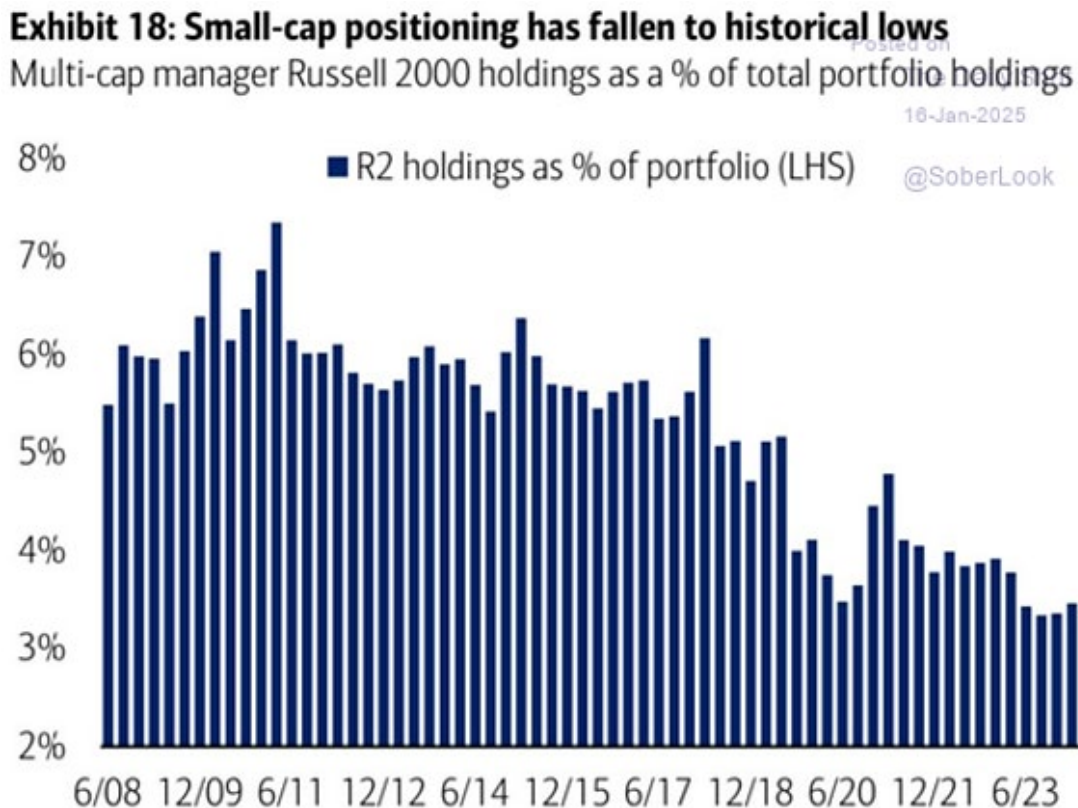
Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on page 6.

- The S&P 493 (the S&P 500 ex- “Magnificent 7”) may grow profits for the third straight quarter.



The S&P 493 is an abbreviation for the S&P 500 Index minus the “Magnificent 7” and is not an official index. The “Magnificent 7” refers to a group of high high-performing U.S. stocks in the S&P 500 Index comprised of Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. The gray area represents forecasts. Sources: Bloomberg L.P.; The Daily Shot.

- Fund managers’ exposure to small-cap equities is near historical lows.

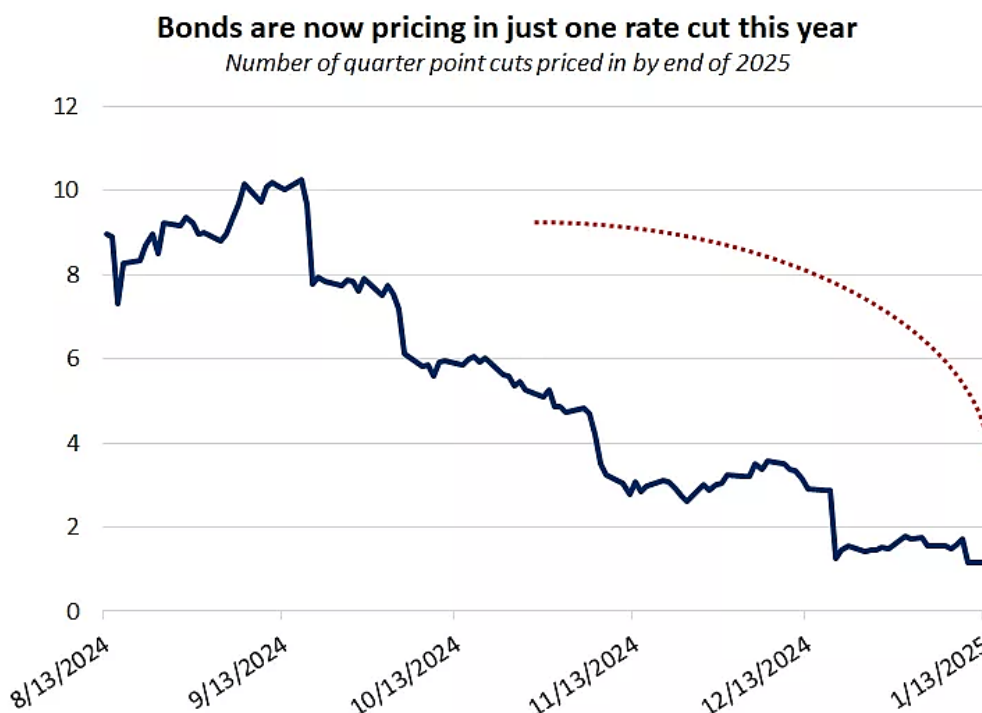


R2 is an abbreviation for the Russell 2000 Index. LHS: left-hand side. Sources: FactSet; Lipper; Bank of America; The Daily Shot.

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Fixed Income Markets

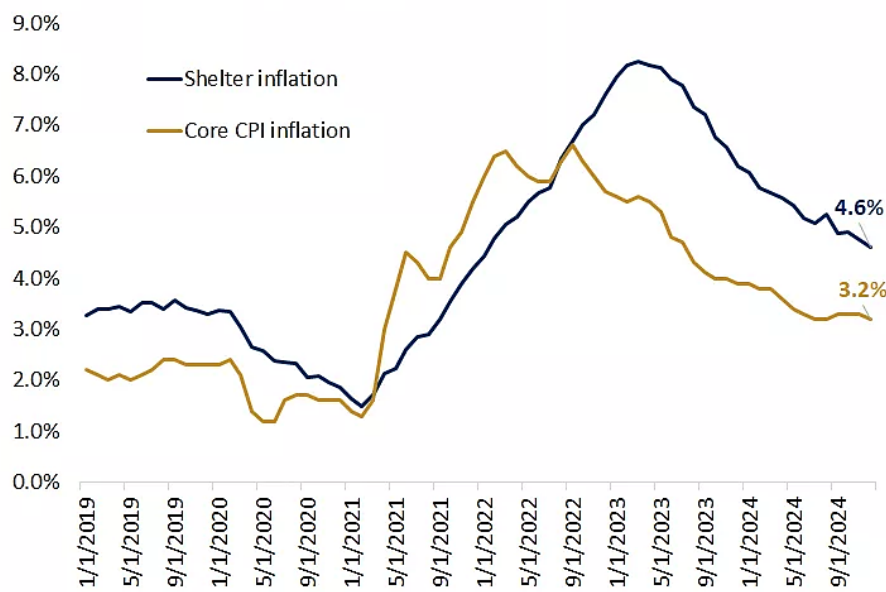
- Futures markets are pricing in a little more than one rate cut this year by the Fed.



Sources: Bloomberg L.P.; Edward Jones.

- Bank loans experienced the strongest inflows in the past four weeks relative to other bond categories.

Shelter inflation may continue to moderate as suggested by real time data



Sources: Bloomberg L.P.; Edward Jones.

U.S. Economic and Political News

- The N.Y. Fed's Empire Manufacturing Index moved further into contraction territory.
- December housing starts and permits were much stronger than what was forecast.

International Markets and News

- European markets (STOXX 600 Index) rose +2.4% as meeting minutes from the most recent European Central Bank (ECB) meeting stated that the ECB needs to lower interest rates cautiously and gradually.
- The Chinese stock market (Shanghai Composite) rose +2.3% as China's gross domestic product (GDP) grew +5.4% year-over-year in the fourth quarter, which was above the +4.6% growth in the third quarter.
- Japanese equities (Nikkei 225 Index) fell -1.9% as investors appeared to be concerned with the timing of the Bank of Japan's next interest rate hike.

This Week:

- The volume of corporate earnings reports will increase this week.
- Economic data:
 - Monday: U.S. Market Holiday;
 - Tuesday: American Petroleum Institute (API) Crude Inventories, Redbook Chain Store;
 - Wednesday: Mortgage Bankers Association (MBA) Mortgage Purchase Applications, Leading Indicators, Department of Energy (DOE) Crude Inventories;
 - Thursday: Weekly Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories;
 - Friday: Manufacturing/Services Purchasing Managers' Index (PMI), Existing Home Sales, Michigan Consumer Sentiment (Final).

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

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The S&P 500® Index is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Dow Jones Industrial Average (DJIA) is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The NASDAQ Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The MSCI EAFE Index is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The Nikkei 225 is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms: **The Consumer Price Index (CPI)** is a widely used economic indicator that measures the average change in prices paid by consumers for a basket of goods and services over time. The CPI is a key indicator of inflation and is closely tracked by policymakers, businesses, financial markets, and consumers. **The Empire Manufacturing Index** refers to a monthly survey conducted by the Federal Reserve Bank of New York that gauges the health of the manufacturing sector in New York State, providing insight into current business conditions by asking manufacturers about factors like new orders, shipments, and general business activity. **A futures market** is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today. **Gross domestic product (GDP)** is the total value of goods and services produced in a country over a specific period of time. It's calculated by subtracting the value of goods and services used in production from the total value of goods and services produced. The term **housing starts** refers to the start of construction on a new residential housing unit. **The Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. **The Producer Price Index (PPI)** program measures the average change over time in the selling prices received by domestic producers for their output. **The Purchasing Managers' Index (PMI)** is a monthly economic indicator that summarizes the activity in the manufacturing sector of the United States. It's based on a survey of manufacturing executives, who are asked to rate activity in several categories, including production, inventories, and new orders. **The Services Purchasing Managers' Index (PMI)** is an economic indicator that provides insight into the services sector of the economy. It's based on a monthly survey of purchasing executives in the private sector service industry. The survey asks about key areas such as employment, prices, inventories, and sales. (Technical definitions are sourced from Corporate Finance Institute.)

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