

# Weekly Market Update

February 12, 2024

## Economic & Market News

### This Week:

- U.S. economic reports scheduled to be released this week include: The Consumer Price Index (CPI), the Producer Price Index (PPI), Industrial Production, Retail Sales and Housing Starts & Permits.
- Non-U.S. economic reports scheduled to be released this week include gross domestic product (GDP), Industrial Production and Trade Balance in Europe, as well as GDP, Industrial Production and Retail Sales in Japan.

### Week in Review:

- The trade deficit in goods and services came in at \$62.2 billion in December. Exports rose by \$3.9 billion, led by nonmonetary gold, other petroleum products, and crude oil. Imports rose by \$4.2 billion, led by pharmaceuticals and cellphones & other household goods.
- The Institute for Supply Management (ISM) Non-Manufacturing Index rose to 53.4 in January (Levels above 50 signal expansion; levels below signal contraction). The New Orders Index increased to 55.0 from 52.8, while the business activity index remained at 55.8.
- As of January, Chinese inflation measures showed year-over-year CPI at -0.80% and PPI at -2.5%. Loan Growth was up 10.4% over the past year, ending January.

Commodities	Latest	1M Ago	3M Ago	6M Ago
Oil (\$/barrel)	76.84	72.24	75.74	84.40
Gold (\$/oz)	2023.30	2026.40	1964.20	1915.40
Gasoline (\$/gallon)	2.34	2.08	2.16	2.93

Currencies	Latest	1M Ago	3M Ago	6M Ago
Euro (€/€)	1.08	1.09	1.07	1.10
Pound (£/£)	1.26	1.27	1.23	1.27
Yen (¥/\$)	149.32	144.32	150.95	143.70

### S&P 1500 by Capitalization & Style<sup>1</sup>

1-Week Value	1-Week Blend	1-Week Growth		YTD Value	YTD Blend	YTD Growth
0.02%	1.40%	2.54%	Large	1.04%	5.52%	9.44%
0.37%	1.51%	2.57%	Mid	-2.26%	1.07%	4.30%
0.52%	1.19%	1.84%	Small	-4.49%	-2.15%	0.19%

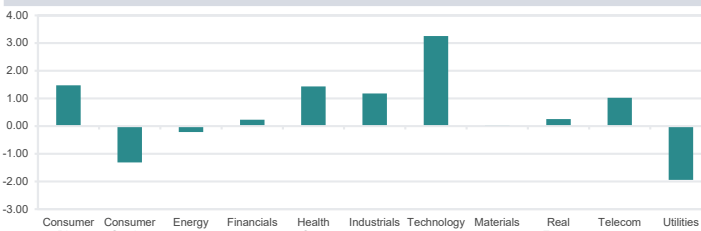
## Upcoming U.S. Economic Events: Feb 12-16, 2024

Day	Indicator	Period	Consensus	Last <sup>2</sup>
TUE	CPI ex Food & Energy SA M/M	Jan	0.30%	0.30%
	CPI ex Food- & Energy NSA Y/Y	Jan	3.70%	3.90%
	CPI SA M/M	Jan	0.20%	0.20%
	CPI NSA Y/Y	Jan	2.90%	3.40%
THU	Continuing Jobless Claims SA	02/03	1,885K	1,871K
	Initial Claims SA	02/10	220.0K	218.0K
	Philadelphia Fed Index SA	Feb	-8.0	-10.6
	Retail Sales SA M/M	Jan	-0.10%	0.60%
	Capacity Utilization NSA	Jan	78.8%	78.6%
	Industrial Production SA M/M	Jan	0.30%	0.10%
	NAHB Housing A (Prelim)	Feb	46.0	44.0
FRI	Building Permits SAAR (Prelim)	Jan	1,515K	1,493K
	PPI SA M/M	Jan	0.10	-0.10%
	Michigan Sentiment NSA (Prelim)	Feb	80.0	79.0

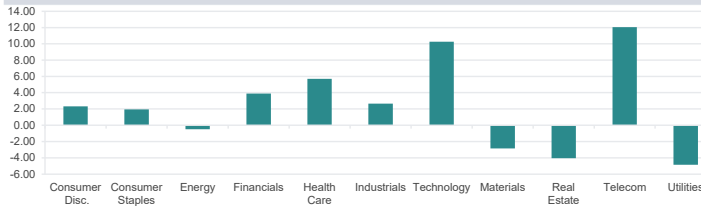
Equity Index Characteristics <sup>3</sup>	P/E (TTM)	P/B (TTM)	P/CF (TTM)	Wtd Avg Mkt Cap (\$B)
MSCI ACWI IMI	18.41	2.54	12.35	83.50
S&P 500	24.16	4.21	16.52	251.56
S&P MidCap 400	15.87	2.30	10.44	7.46
S&P SmallCap 600	14.64	1.67	8.02	2.41
MSCI World ex U.S.	14.25	1.77	9.81	49.84
MSCI EM IMI	12.82	1.53	7.80	22.13

### S&P 500 Sector Returns (%)

#### 1-Week

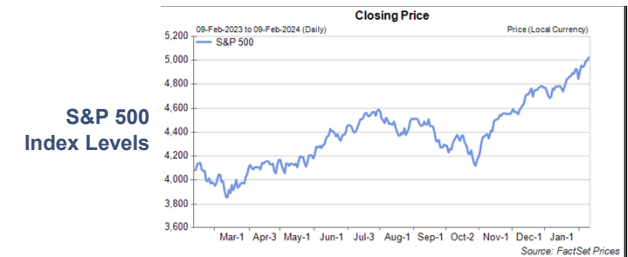
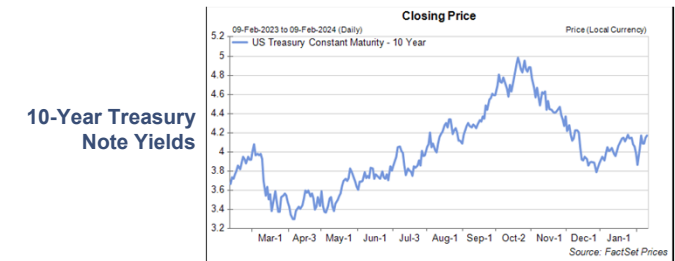


#### YTD



Index Returns	1 Week	MTD	3M	YTD
MSCI ACWI IMI	1.01	2.21	13.28	2.45
S&P 500	1.40	3.77	16.09	5.52
S&P MidCap 400	1.51	2.83	17.06	1.07
S&P SmallCap 600	1.19	1.87	17.36	-2.15
MSCI World ex USA	0.08	-0.96	9.69	-0.53
MSCI EM IMI	0.64	1.84	4.95	-2.47
Bloomberg U.S. Agg Bond	-0.82	-1.20	4.96	-1.47
Bloomberg Commodity	0.39	-1.50	-3.81	-1.11
DJ Equity All REIT	0.16	0.66	13.68	-4.23

Bond Rates	Latest	1M Ago	3M Ago	6M Ago
Fed Funds Target Rate	5.33	5.33	5.33	5.33
2Y U.S. Treasury	4.48	4.36	5.04	4.80
10Y U.S. Treasury	4.17	4.02	4.62	3.98
ICE 3M LIBOR	5.57	5.59	5.63	5.63
Bloomberg 10Y Muni	2.94	2.80	3.76	3.21
Bloomberg U.S. IG Corp.	5.31	5.21	6.10	5.54
Bloomberg U.S. HY Corp.	7.75	7.85	8.95	8.47



Please see important definitions and disclosures on p.2-4. All returns represent total return including dividends. Data is as of 02.09.2024 unless otherwise noted. Economic charts are provided for illustrative purposes only.

# Important Information

## Source Information & Technical Terms

<sup>1</sup>Style boxes are derived from the components of the S&P 1500<sup>®</sup> Index. <sup>2</sup>May include flash/preliminary estimates. <sup>3</sup>Characteristics are as of 01.31.2024.

**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. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.**

**Economic & market news** provided by Sterling Capital Advisory Solutions.

**Commodity rates** (oil, gold, gasoline), **currency rates** (dollar per pound sterling, dollar per euro, yen per dollar), **upcoming U.S. economic events**, **bond rates** (fed funds target rate, 2Y Treasury, 10Y Treasury, 3M LIBOR, 10Y municipal, U.S. IG corporate, U.S HY corporate), **10Y Treasury yields** and **S&P 500 Index levels** are all sourced from FactSet.

**Capitalization/style returns** are based on S&P Indexes. All values are cumulative total return for stated period including the reinvestment of dividends. Top row indices (L-R): S&P 500 Value; S&P 500; S&P 500 Growth. Middle row indices (L-R): S&P Mid Cap 400 Value; S&P Mid Cap 400; S&P Mid Cap 400 Growth. Bottom row indices (L-R): S&P Small Cap 600 Value; S&P Small Cap 600; S&P Small Cap 600 Growth. The S&P 500, S&P Mid Cap 400, and S&P Small Cap 600 are defined on the next page. S&P Style indices measure growth and value along two separate dimensions, with three factors each used to measure growth and value. Growth factors: 3-year change in earnings per share over price per share; 3-year sales per share growth rate; momentum. Value factors: book value to price ratio; earnings to price ratio; sales to price ratio. Source: Morningstar Direct.

**Equity index characteristics:** P/E, P/B, and P/CF ratios for all indices are based on TTM period. Source: Morningstar Direct. Index definitions are on the next page.

**S&P 500 sector returns** are based on the GICS Classification model. Returns are calculated by Morningstar Direct using constituents and weights provided by Standard and Poor's. Returns are cumulative total return for the stated period, including reinvestment of dividends. Source: Morningstar Direct.

**Index returns:** Prices reflect closing price level for each stated date. Source: Morningstar Direct.

A **seasonal adjustment** is a statistical technique designed to even out periodic swings in statistics or movements in supply and demand related to changing seasons. It can, therefore, eliminate misleading seasonal components of an economic time series. Seasonal adjustment is a method of data-smoothing that is used to predict economic performance or company sales for a given period.

A **non-seasonal adjustment** analyses of the data cannot yield accurate results. If each period in a time series—for example, each month in the fiscal year—has a different tendency toward low or high seasonal values, it can be difficult to detect the true direction of the underlying trends of the time series. Difficulties may include increases or decreases in economic activity, turning points, and other economic indicators.

The **fed funds rate** refers to the interest rate that depository institutions (such as banks and credit unions) charge other depository institutions for overnight lending of capital from their reserve balances on an uncollateralized basis.

**Price-to-book (P/B)** compares the book value of fund's stocks with their market value. The P/B ratio indicates how much an investor is paying for a company's assets based on historical valuations. It does not reflect current market value.

**Price-to-cash flow (P/CF)** is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.

**Price-to-earnings (P/E)** compares the price of a fund's stocks with their per-share earnings. A higher ratio indicates the market's belief that a company is able to increase its earnings.

**Trailing twelve months (TTM)** is a term used to describe the past 12 consecutive months of a company's performance data, typically used for reporting financial figures.

**Real gross domestic product (GDP)** is an inflation-adjusted measure of the value of all goods and services produced by an economy in a given year, using base-year prices.

**Weighted average market capitalization** refers to a type of stock market index construction that is based on the market capitalization of the index's constituent stocks.

# Important Information

## Index Definitions

**A Note on Indices: The volatility of an index varies greatly. All indices are unmanaged, and investments cannot be made directly in an index.**

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged, market-value-weighted index of taxable investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more.

The **Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Bloomberg U.S. Corporate High Yield Index** is an unmanaged, U.S. dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

The **Bloomberg U.S. Corporate Investment Grade Index** is an unmanaged index composited of the qualifying universe of investment grade rated taxable corporate bonds. The index includes U.S.-denominated securities publicly issued by U.S. and non-U.S. industrial, utility, and financial issuers.

The **Bloomberg Municipal Bond 1-10 Year Blend Index** tracks tax-exempt municipal General Obligation, Revenue, Insured, and prefunded bonds with a minimum \$5 million par amount outstanding, issued as part of a transaction of at least \$50 million, and with a remaining maturity from 1 up to (but not including) 12 years.

The **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. Average price data for select utility, automotive fuel, and food items are also available.

The **DJ Equity ALL REIT Index** represents all publicly traded real estate investment trusts in the Dow Jones U.S. stock universe classified as Equity REITs according to the Dow Jones REIT Industry Classification Hierarchy. These companies are REITs that primarily own and operate income-producing real estate.

The **ICE 3M USD LIBOR** is the primary benchmark for short-term interest rates globally, used for mortgages, loans, for interest rate contracts on futures and options exchanges, and as a general gauge of the health of financial monetary markets.

The **ISM Non-Manufacturing Index** is based on surveys of more than 400 non-manufacturing (services) firms' purchasing and supply executives in 60 different sectors.

The **ISM New Orders Index** shows the number of new orders from customers of manufacturing firms reported by survey respondents compared to the previous month.

The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes.

The **MSCI World ex USA Index** captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries excluding the United States. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Investable Market Index (IMI)** captures large, mid and small cap representation across 23 Emerging Markets (EM) countries. The index covers approximately 99% of the free float-adjusted market capitalization in each country.

The **Producer Price Index (PPI)** measures the average change over time in the prices domestic producers receive for their output.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P® Composite includes 500 of the largest stocks (in terms of stock market value) in the United States; prior to March 1957 it consisted of 90 of the largest stocks.

The **S&P Composite 1500** combines three leading indices, the S&P 500®, the S&P MidCap 400, and the S&P SmallCap 600 to cover approximately 90% of the U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.

The **S&P SmallCap 600® Index** is designed to measure the performance of the small capitalization sector of the U.S. equities market. This index consists of 600 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation.

The **S&P MidCap 400® Index** is designed to measure the performance of the mid capitalization sector of the U.S. equities market. This index consists of 400 domestic stocks chosen for market size, liquidity, (bid-asked spread, ownership, share turnover and number of no trade days) and industry group representation.

# Important Information

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