

Monthly Market Perspectives

January 2024

KEY INSIGHTS

- Stock prices made new all time highs in January, continuing the rally in December. Longer dated bond yields rose slightly as economic activity came in stronger than expected, while shorter dated yields remained relatively constant.
- Employment and wages remained strong during the month. Inflation growth continues to decelerate, although still higher than the Fed's target rate.
- The Federal Reserve remained on pause in January and hinted at a pause for the March meeting, signaling a wait-and-see approach may be best as they gauge economic activity.

ECONOMY

- The unemployment rate in the US remained at 3.7% in January. The labor market remained strong as the change in nonfarm payrolls and average hourly earnings surprised to the upside.
- US economic growth surprised expectations as Q4 2023 GDP came in at an annualized rate of 3.3%.
- The headline inflation rate (CPI) in the US came in slightly higher than expected at 3.4% year over year. CPI less food and energy came in slightly higher than expected at 3.9%.

EQUITY MARKETS

- In January, the S&P 500 appreciated 1.7%. US small and mid cap indices fell during the month by 3.95 and 1.72% respectively. Developed international rose 0.6% while emerging markets fell 4.7% for the month.
- 46% of the S&P 500 had reported earnings as of month end, according to Factset. The blended growth rate for fourth quarter earnings is currently 1.6%. The positive year over year growth is still uncertain, as over half of companies have yet to report. If the positive growth rate is achieved, this will mark the second straight quarter of year-over-year growth.
- The market is expecting nearly 11% earnings growth for 2024. The continued price appreciation of the market will likely hinge on this growth materializing as the S&P 500 has a forward 12 month P/E ratio near 20, materially higher than the 10 year average of 17.6.

WHAT TO WATCH

- CPI data release 02/13
- Initial Jobless Claims 02/15
- Federal Reserve Meeting Minutes 02/21
- S&P Global US Manufacturing PMI 02/22

FIXED INCOME

- In the bond markets, yields increased during the month before coming back down, ending the month marginable lower on the short end and higher on the long end. The Bloomberg U.S. Aggregate Index fell by 0.3%. The Bloomberg U.S. Corporate High Yield Index was flat for the month.
- The Federal Reserve announced their decision to take no action on interest rate changes at the end of the month. Chairman Jerome Powell mentioned progress made on the inflation front, although they want to hold rates constant until they have more confidence that the numbers will come down to their target. He pushed back on the markets expectations for a March cut, sending the probability of a cut from 42% to 16%.
- Interest rate futures are currently pricing 4-5 cuts for 2024, down from 5-6 cuts at the beginning of the year.

COMMODITIES / CURRENCIES / REAL ESTATE

- West Texas Intermediate (WTI) rose during the month, ending at \$75.85 a barrel.
- Gold prices increased to \$2,039.52 per oz., down ~\$23 from the end of December.
- The U.S. dollar (USD) Spot Index increased ~2% against a basket of currencies after falling in Q4 2023.
- Domestic real estate finished the month lower, as the Wilshire U.S. Real Estate Securities Index fell 3.85% in January.



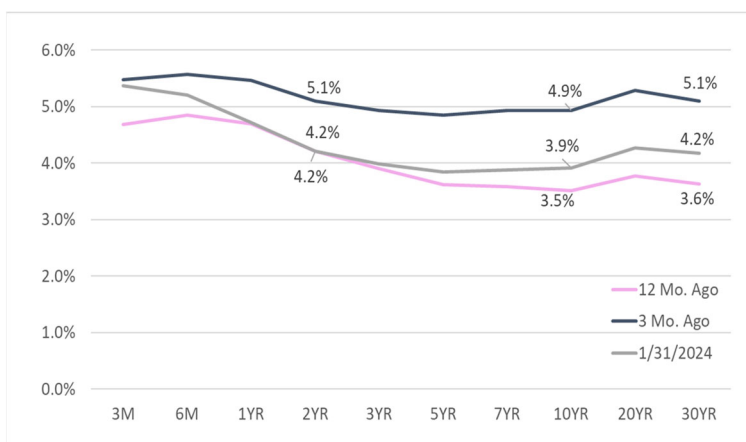
GLOBAL MARKET SUMMARY

Index	Level	1 Mos.	3 Mos.	12 Mos.
S&P 500	4,845.7	1.68%	15.99%	20.79%
Dow Jones Industrial Average	38,150.3	1.31%	16.04%	14.36%
NASDAQ Composite	15,164.0	1.04%	18.28%	32.05%
MSCI Emerging Markets	975.8	-4.64%	7.04%	-2.64%
MSCI EAFE	2,248.2	0.59%	15.81%	10.67%
MSCI All Country World	730.8	0.61%	15.26%	15.27%

U.S. TREASURY MARKET

Maturity	12 Mo. Ago	3 Mo. Ago	1/31/2024	Change 3 Month
1M	4.5%	5.4%	5.4%	-0.02%
3M	4.7%	5.5%	5.4%	-0.10%
6M	4.9%	5.6%	5.2%	-0.37%
1YR	4.7%	5.5%	4.7%	-0.75%
2YR	4.2%	5.1%	4.2%	-0.88%
3YR	3.9%	4.9%	4.0%	-0.94%
5YR	3.6%	4.9%	3.8%	-1.02%
7YR	3.6%	4.9%	3.9%	-1.06%
10YR	3.5%	4.9%	3.9%	-1.02%
20YR	3.8%	5.3%	4.3%	-1.02%
30YR	3.6%	5.1%	4.2%	-0.93%

U.S. TREASURY YIELD CURVE



U.S. EQUITY SIZE & STYLE RETURNS

3 Month				12 Months		
Value	Core	Growth		Value	Core	Growth
15.95%	15.99%	16.07%	Large	14.53%	20.79%	26.65%
16.98%	15.93%	15.13%	Medium	0.35%	4.73%	9.24%
16.96%	17.25%	17.35%	Small	-2.92%	1.71%	6.27%

S&P 500 Index Sector Returns

Index	1 Mos.	3 Mos.	12 Mos.
Information Technology	3.9%	21.8%	50.1%
Health Care	3.0%	13.3%	7.1%
Financials	3.0%	20.4%	8.1%
Cons. Discretionary	-3.5%	13.5%	19.3%
Industrials	-0.9%	15.4%	12.8%
Communication Services	5.0%	18.7%	42.9%
Cons. Staples	1.5%	8.5%	3.0%
Energy	-0.4%	-1.5%	-4.5%
Utilities	-3.0%	4.0%	-8.0%
Real Estate	-4.7%	16.5%	-2.7%
Materials	-3.9%	8.9%	-0.8%

U.S. FIXED INCOME

Index	Level	1 Mos.	3 Mos.	1 Year
Bloomberg U.S. Treasury Bills: 1-3 Months	279	0.4%	2.6%	3.9%
Bloomberg U.S. Aggregate	2,156	-0.3%	8.2%	2.1%
Bloomberg Treasury	2,271	-0.3%	6.7%	1.2%
Bloomberg U.S. TIPS	342	0.2%	5.7%	2.2%
Bloomberg U.S. Credit	3,216	-0.2%	10.4%	4.2%
Bloomberg Corporate High Yield	2,480	0.0%	8.4%	9.3%

OTHER

	1/31/2024	12/29/2023	10/31/2023
Fed Funds Target	5.5	5.5	5.5
30-Year Fixed Mortgage	6.96	6.99	8.06
WTI Oil (\$/barrel)	75.85	71.84	79.42
Gold (\$/oz)	2,039.52	2,062.98	1,983.88
Natural Gas (\$/mmBtu)	2.10	2.51	3.58
Euro (\$/€)	1.0818	1.1039	1.0575

