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At-A-Glance

- The Dow Jones Industrial Average declined 5.39% in January, while the NASDAQ Composite lost 7.82%.
- Market volatility dramatically increased in January.
- West Texas Intermediate (WTI) crude oil futures plunged 11.9% in January, as U.S. oil supplies reached near record levels and sanctions against Iranian oil exports were lifted.

U.S. stocks closed out their worst January performance since 2009, but the S&P 500 finished the month with the best single-day gain in over four months. Stocks traded sharply lower during the first half of the month, posting their worst 10-day start to a year on record, as oil prices plunged and China posted its weakest quarterly growth in decades. At its worst closing level on January 20, the S&P 500 was down 12.7% from its May 2015 record high, closer to a bear market than any time since 2011. It broke below several key support levels and reached an intraday low of 1,812. Thereafter, however, the benchmark equity index rallied more than 7%. After closing well below \$30 per barrel on January 20, WTI crude oil gained \$5.27 per barrel and ended the month at \$33.62/barrel. The Bank of Japan also lifted investor sentiment by implementing a negative interest rate strategy, and a weaker-than-forecast fourth quarter GDP report suggests the Federal Reserve may slow its pace of additional interest rate hikes.

Just three of the ten major sector groups ended positive in January, led by Telecom (+6.77%), Utilities (+4.93%), and Consumer Staples (+0.65%). Materials (-10.57%), Financials (-8.85%), and Healthcare (-7.59%) fell the most last month. Energy (-3.02%) fell the least, helped by the end-of-the-month oil rebound.

Small-cap stocks, as measured by the Russell 2000 Index, lost 8.79% last month, underperforming against their mid and large-cap counterparts. Mid-cap stocks declined 6.55%, as measured by the Russell Midcap Index. Value stocks fell slightly less than growth stocks in January. The Russell 1000 Value Index was down 5.17%, while the Russell 1000 Growth Index fell 5.58%.

Internationally, the MSCI EAFE Index, a broad measure of global developed markets outside of the U.S. and Canada, fell 7.23% in January. The STOXX Europe 600 Index fell nearly 6.5%, while Japan's Nikkei 225 Stock Average sank almost 8%. The MSCI Emerging Markets Index declined 6.49% in January. China's Shanghai Composite plunged over 22.5%.

Treasuries, as measured by the Barclays U.S. Government Bond Index, gained 2.08% in January, while the Barclays U.S. Government Long Bond Index, which only includes long-term Treasuries, advanced 4.97%. The yield on benchmark 10-year U.S. Treasuries fell 34.8 basis points in January, ending at 1.922%. Compared with a 0.776% yield on U.S. two-year Treasuries, the yield on two-year sovereign debt in Japan and Germany ended January at -0.039% and -0.487% respectively.

The Barclays U.S. Municipal Bond Index rose 1.19% in January. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, gained 1.38% last month. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, lost 1.61% in January.

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