

Market Week: January 29, 2024



The Markets (as of market close January 26, 2024)

Stocks closed higher last week, with the S&P 500 and the Nasdaq reaching record highs. Investors spent most of the week parsing through corporate earnings results and important economic data. Among the market sectors, communication services and energy rose over 5.0%, while health care ended the week in the red. Ten-year Treasury yields ticked up marginally. Crude oil prices rose nearly 6.0% as production cuts have begun to drive prices higher. The dollar advanced, while gold prices fell 0.6%.

Wall Street opened last week on a high note, with the small caps of the Russell 2000 advancing 1.9%, while the Dow (0.4%) and the S&P 500 (0.2%) notched new record highs. The Nasdaq and the Global Dow rose 0.3%. Industrials, information technology, and health care garnered solid gains among the sectors. Ten-year Treasury yields slid 5.2 basis points to 4.09%. Crude oil prices rose 2.2% to \$75.01 per barrel on supply disruptions and strong demand. The dollar was flat, while gold prices fell 0.4%.

Stocks closed last Tuesday mixed, with the Nasdaq (0.4%) and the S&P 500 (0.3%) hitting new record highs as investors dissected the latest batch of earnings reports. The Global Dow edged up 0.1%, while the Russell 2000 slid 0.4% and the Dow dipped 0.3%. Ten-year Treasury yields added 4.8 basis points to close at 4.14%. Crude oil prices ended the day at about \$74.54 per barrel after falling 0.3%. The dollar and gold prices gained 0.2% and 0.4%, respectively.

Equities were mixed for the second straight session last Wednesday, with the Nasdaq (0.4%) and the S&P 500 (0.1%) achieving new all-time highs, while the Russell 2000 (-0.7%) and the Dow (-0.3%), slid lower. The Global Dow edged up 0.5%. Several tech companies reported strong earnings, which helped offset several declining sectors, including real estate, materials, consumer staples, health care, and utilities. Long-term bond values continued to decline, pushing yields higher. Ten-year Treasury yields closed at 4.17%, an increase of 3.6 basis points. Crude oil prices jumped 1.5% to \$75.46 per barrel. The dollar and gold prices declined.

Last Thursday saw the S&P 500 hit a record high for the fifth straight session. The Dow and the Russell 2000 led the benchmark indexes listed here, each gaining 0.6%, followed by the S&P 500, which added 0.5%. The Nasdaq and the Global Dow edged up 0.2%. Investors digested another batch of corporate earnings, along with a favorable report on fourth-quarter gross domestic product (see below). Ten-year Treasury yields fell 4.6 basis points, settling at 4.13%. Crude oil prices rose 2.8% to \$77.71 per barrel. The dollar and gold prices moved higher.

In yet another day of uneven returns, stocks closed last Friday mixed, with the Dow, the Global Dow, and the Russell 2000 each edging up 0.2%, while the Nasdaq (-0.4%) and the S&P 500 (-0.1%) ticked lower. Ten-year Treasury yields settled at 4.16% after gaining 2.8 basis points. Crude oil prices neared \$80.00 per barrel. The dollar dipped 0.1%, while gold prices closed the day flat.

Key Dates/Data Releases

1/30: JOLTS

1/31: FOMC meeting
statement

2/1: S&P Manufacturing PMI

2/2: Employment situation

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 1/26	Weekly Change	YTD Change
DJIA	37,689.54	37,863.80	38,109.43	0.65%	1.11%
Nasdaq	15,011.35	15,310.97	15,455.36	0.94%	2.96%
S&P 500	4,769.83	4,839.81	4,890.97	1.06%	2.54%
Russell 2000	2,027.07	1,944.39	1,978.33	1.75%	-2.40%
Global Dow	4,355.28	4,318.47	4,372.08	1.24%	0.39%
fed. funds target rate	5.25%-5.50%	5.25%-5.50%	5.25%-5.50%	0 bps	0 bps
10-year Treasuries	3.86%	4.14%	4.16%	2 bps	30 bps
US Dollar-DXY	101.39	103.25	103.46	0.20%	2.04%
Crude Oil-CL=F	\$71.30	\$73.79	\$78.19	5.96%	9.66%
Gold-GC=F	\$2,072.50	\$2,031.50	\$2,018.40	-0.64%	-2.61%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- The initial estimate of gross domestic product for the fourth quarter of 2023, revealed that the economy accelerated at an annualized rate of 3.3%, down from the third quarter rate of 4.9%, but well above expectations that hovered around 2.0%. Compared to the third quarter of 2023, the deceleration in GDP in the fourth quarter primarily reflected slowdowns in private inventory investment, federal government spending, residential fixed investment, and consumer spending. Personal consumption expenditures, a measure of consumer spending, rose 2.8% in the fourth quarter and was the largest contributor to GDP. Spending on durable goods rose 4.6%, while nondurable goods spending advanced 3.4%. Services gained 2.4%. Despite rising interest rates, gross domestic investment rose 2.1% in the fourth quarter, well below the third-quarter rate of 10.0%. Nevertheless, both residential and nonresidential fixed investment increased 1.1% and 1.9%, respectively. Exports increased 6.3%, while imports, which are a negative in the calculation of GDP, increased 1.9%. The personal consumption expenditures price index increased 1.7%, compared with an increase of 2.6% in the third quarter. Excluding food and energy prices, the PCE price index increased 2.0%, the same change as the third quarter.
- According to the latest report on personal income and outlays, consumer prices edged up 0.2% in December, while core prices, excluding food and energy, also increased 0.2%. For the 12 months ended in December, consumer prices rose 2.6%, unchanged from the previous 12-month period. Core prices rose 2.9%, the lowest 12-month advance since the period ended March 2021. Both personal income and disposable (after-tax) personal income rose 0.3% in December. Consumer spending, as measured by the personal consumption expenditures index, outpaced income growth after climbing 0.7% last month.
- The advance report on international trade in goods showed the deficit was \$88.5 billion in December, down \$0.9 billion, or 1.0%, from the November figure. Exports of goods for December were \$169.8 billion, \$4.1 billion, or 2.5%, more than November exports. Imports of goods for December were \$258.3 billion, \$3.2 billion, or 1.3%, more than November imports. New orders for transportation fell 0.9% last month, while new orders for defense declined 2.9%. New orders for capital goods decreased 1.1% in December after increasing 13.0% in November. The largest drag on new orders for capital goods in December was a 14.5% decline in defense capital goods.
- The advance report on durable goods orders for December showed new orders inched up \$0.1 billion for a net 0.0% change after advancing 5.5% in November. Excluding transportation, new orders increased 0.6%. Excluding defense, new orders increased 0.5%.
- December saw sales of new single-family homes increase 8.0% from November and 4.4% from December 2022. The median sales price of new houses sold in December 2023 was \$413,200. The average sales price was \$487,300. Inventory of new single-family homes for sale in December represented an 8.2-month supply at the current sales pace, down from the 8.8-month supply in November.
- The national average retail price for regular gasoline was \$3.062 per gallon on January 22, \$0.004 per gallon higher than the prior week's price but \$0.353 less than a year ago. Also, as of January 22, the

East Coast price decreased \$0.018 to \$3.021 per gallon; the Midwest price rose \$0.066 to \$2.889 per gallon; the Gulf Coast price increased \$0.015 to \$2.685 per gallon; the Rocky Mountain price fell \$0.062 to \$2.671 per gallon; and the West Coast price decreased \$0.050 to \$3.926 per gallon.

- For the week ended January 20, there were 214,000 new claims for unemployment insurance, an increase of 25,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended January 13 was 1.2%, unchanged from the previous week's rate. The advance number of those receiving unemployment insurance benefits during the week ended January 13 was 1,833,000, an increase of 27,000 from the previous week's level. States and territories with the highest insured unemployment rates for the week ended January 6 were New Jersey (2.7%), Rhode Island (2.6%), Minnesota (2.5%), California (2.4%), Alaska (2.3%), Massachusetts (2.3%), Illinois (2.2%), Puerto Rico (2.2%), Montana (2.1%), and Washington (2.1%). The largest increases in initial claims for unemployment insurance for the week ended January 13 were in Texas (+2,433), California (+1,949), Oregon (+1,111), Kansas (+1,054), and Florida (+1,025), while the largest decreases were in New York (-17,358), Wisconsin (-4,505), Michigan (-4,427), Pennsylvania (-3,835), and South Carolina (-3,042).

Eye on the Week Ahead

The Federal Open Market Committee meets this week. The consensus is that interest rates will remain unchanged, however, it will be interesting to glean the direction of the Committee moving forward. The employment figures for January are also out this week. Employment grew by 216,000 in December, well above expectations.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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