

Weekly Market Update



Market Data as of Week Ending: 1/31/2025 unless noted otherwise

Stock prices ended the volatile week mostly lower as the DeepSeek release sent shockwaves through financial markets. DeepSeek, the Chinese AI platform, is reported to be less resource-intensive, which puts the spotlight on the companies currently powering the AI sector and their capital expenditure plans. Fourth quarter earnings season is in full swing as about 40% of the S&P 500, by market cap, released earnings last week. Results continue to come in better than expected, with 77% of the reported companies beating earnings expectations with a blended growth rate of 13.2%. Size was not a determining factor for market performance last week as stocks sold off equally across the spectrum. Growth underperformed value across the size spectrum, largely due to the sell-off in tech companies in response to the emergence of DeepSeek. Energy was the second worst-performing sector as oil prices fell for the second consecutive week. Policy uncertainty has raised questions about the trajectory of oil production. Foreign developed and emerging markets were positive for the week, outperforming domestic equities.

Yields fell last week as the FOMC decided to leave the current feds fund rate unchanged at 4.25-4.50%; the 10-year Treasury yield ended the week at 4.58% while the 2-year Treasury moved lower to 4.22%. Performance was positive across all bond segments, with notable strength in higher-quality bonds as government bonds outperformed across the curve. High-yield bonds lagged as investors looked to quality, and equity markets experienced heightened volatility. Investment-grade and high-yield corporate bond yields fell, ending the week at 5.30% and 7.41%, respectively.

Economic data for the week was generally weaker than anticipated as investors looked toward Fed Chair Powell's comments after the FOMC decision. The week started with U.S. durable goods orders, which declined by 2.2% in December and missed estimates. The good news was that it was almost entirely due to a decline in bookings for Boeing. Consumer confidence fell to 104.1 in January, lower than anticipated, and there was a decline from December as consumers appeared to be becoming more pessimistic about future employment opportunities. The FOMC met on Wednesday, unanimously voting to leave interest rates unchanged, but Fed Chair Powell cited in his post-meeting statement that "inflation remains somewhat elevated" and will not be in a hurry to further reduce rates until further progress is made on inflation or labor market conditions weaken. U.S. GDP grew at a slower 2.3% in the final quarter of 2024 but continues to be led by strong consumer spending, which rose at a sharp 4.2% clip over the quarter—the biggest gain in nearly two years. The Fed's preferred gauge of inflation, PCE, rose 0.3% in December, marking its biggest increase since April and raising the annual inflation rate to 2.6%. Core PCE, which omits food and energy, rose 0.2% and remained sticky at 2.8%.

U.S. Equity Returns (Size & Style - Russell)

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	-0.13%	-0.89%	-1.53%	4.63%	3.18%	1.98%	4.63%	3.18%	1.98%	4.63%	3.18%	1.98%
Mid	-0.52%	-0.56%	-0.70%	3.51%	4.25%	6.38%	3.51%	4.25%	6.38%	3.51%	4.25%	6.38%
Small	-0.44%	-0.86%	-1.25%	2.05%	2.62%	3.16%	2.05%	2.62%	3.16%	2.05%	2.62%	3.16%

U.S. Fixed Income Returns (Quality & Duration - Bloomberg)

	Week			MTD			QTD			YTD		
	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long	Short	Interm	Long
Govt	0.28%	0.36%	0.85%	0.50%	0.54%	0.42%	0.50%	0.54%	0.42%	0.50%	0.54%	0.42%
Corp	0.26%	0.36%	0.31%	0.58%	0.62%	0.41%	0.58%	0.62%	0.41%	0.58%	0.62%	0.41%
HY	0.16%	0.20%	0.11%	1.29%	1.36%	1.58%	1.29%	1.36%	1.58%	1.29%	1.36%	1.58%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	-0.99%	2.78%	2.78%	2.78%
S&P MidCap 400	-1.10%	3.85%	3.85%	3.85%
Russell 2000	-0.86%	2.62%	2.62%	2.62%
MSCI EAFE	0.80%	5.26%	5.26%	5.26%
MSCI Emerging Markets	0.32%	1.79%	1.79%	1.79%
MSCI EAFE Small Cap	1.24%	3.45%	3.45%	3.45%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	0.36%	0.57%	0.57%	0.57%
Bloomberg US Agg	0.44%	0.53%	0.53%	0.53%
Bloomberg US High Yield	0.20%	1.37%	1.37%	1.37%
Other				
Bloomberg Commodity	-1.02%	3.95%	3.95%	3.95%
S&P Dev Property	0.34%	1.81%	1.81%	1.81%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	0.84%	4.41%	4.41%	4.41%
Consumer Staples	1.93%	2.04%	2.04%	2.04%
Energy	-3.75%	2.07%	2.07%	2.07%
Financials	1.25%	6.56%	6.56%	6.56%
Health Care	1.74%	6.79%	6.79%	6.79%
Industrials	-1.90%	5.03%	5.03%	5.03%
Info Technology	-4.55%	-2.90%	-2.90%	-2.90%
Materials	-0.22%	5.59%	5.59%	5.59%
Real Estate	-0.32%	1.84%	1.84%	1.84%
Communication Svcs	2.67%	9.12%	9.12%	9.12%
Utilities	-2.03%	2.93%	2.93%	2.93%

Bond Yields

	1/31/25	12/31/24	12/31/24	12/31/24
SOFR 3Mo Swap	4.30%	4.30%	4.30%	4.30%
2Yr Treasury	4.22%	4.25%	4.25%	4.25%
10Yr Treasury	4.58%	4.58%	4.58%	4.58%
2-10 Slope	0.36%	0.33%	0.33%	0.33%

Commodities and Currency

	1/31/25	12/31/24	12/31/24	12/31/24
Oil (\$/barrel)	72.53	71.72	71.72	71.72
Gold (\$/oz.)	2798.41	2624.5	2624.5	2624.5

Past performance is not a guarantee of future results. We believe the information presented is reliable, but we do not guarantee its accuracy.