

Weekly Market Update



Market Data as of Week Ending: 12/15/2023 unless noted otherwise

Equities continued the path higher last week as better than expected economic data supported the dovish tone of the fed. All sizes and styles were higher for the week but small-cap stocks outperformed. Value outperformed in large caps but underperformed in mid and small. Large growth was the best performing, returning 5.66% for the week. Communication Services was the only sector that was lower for the week. As expected, defensive sectors lagged during the week. Foreign equities were higher on the week with the MSCI EAFE returning 2.56% and MSCI Emerging Markets returning 2.69%.

Yields dropped considerably last week and contributed to another week of positive fixed income performance. Long-government increased 4.88% while short-government returned 0.88%. The 2YR treasury was 27bps lower at 4.44% and the 10YR treasury ended the week under 4% at 3.91%. Lower rates on the long end of the yield curve led to an increase in the yield curve inversion with the 2-10YR slope 5bps lower at -0.53%. Yields on US Corporates and High Yield were lower at 5.15% and 7.98%, respectively. High yield spreads continued to compress last week. Mortgage rates were marginally lower for the week as spreads remain elevated versus the 10YR treasury.

Economic data for the week was focused on Wednesday's federal reserve meeting. As expected, there was no change in the federal funds target range of 5.25-5.5%, but the official statement and press conference took a dovish tone. The Dot Plot indicated that members expected a .75% rate cut in 2024, a .25% increase from September. The Summary of Economic Projections slightly revised down GDP projections, but inflation targets remained unchanged with the core PCE target of 2% not being reached until 2026. Prior to the fed meeting, CPI and PPI data was released. Headline CPI increased .1% and core CPI increased .3%, representing a year-over-year change of 3.1% and 4.0%, respectively. The Producer Price Index (PPI) was released Wednesday, prior to the Fed's meeting and indicated no change from the previous month which represented a 0.9% year-over-year increase. Retail sales of \$705.7B were higher than expected and represented a 0.3% increase from October and was 4.1% higher than November 2022. Subtracting for auto and gas, retail sales increased 0.6% for the month. Initial jobless claims of 202,000 was 19,000 lower than the previous week's revised number. Industrial production increased 0.2% in November, and manufacturing output increased 0.3%. The increase in manufacturing output was largely attributed to the 7.1% rebound in motor vehicle parts and production due to the resolution of autoworker strikes. Manufacturing production was down 0.2% ex motor vehicle and parts. The strong economic data for the week led Atlanta Fed GDPNow forecasters to increase Q4 expected GDP growth to 2.6%, up from 1.2% the previous week.

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

	Week			MTD			QTD			YTD		
	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth	Value	Core	Growth
Large	3.32%	2.71%	2.20%	4.17%	3.73%	3.36%	8.08%	10.68%	13.00%	10.02%	25.08%	41.22%
Mid	4.20%	4.26%	4.39%	6.32%	6.23%	6.02%	10.58%	11.25%	12.88%	11.18%	15.60%	24.04%
Small	5.54%	5.60%	5.66%	10.22%	9.81%	9.39%	12.97%	11.59%	10.14%	12.37%	14.42%	15.92%

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	0.88%	1.24%	4.88%	1.05%	1.55%	8.18%	2.69%	3.43%	12.25%	3.87%	3.76%	2.71%
Corp	1.05%	1.67%	4.68%	1.26%	2.12%	7.29%	3.49%	5.12%	13.93%	5.57%	6.54%	10.85%
HY	1.47%	1.88%	3.68%	2.09%	2.57%	5.13%	4.62%	5.91%	11.09%	11.16%	12.20%	14.93%

Index Returns

	Week	MTD	QTD	YTD
Equities (Stocks)				
S&P 500	2.53%	3.39%	10.45%	24.89%
S&P MidCap 400	4.38%	7.22%	10.13%	14.83%
Russell 2000	5.60%	9.81%	11.59%	14.42%
MSCI EAFE	2.56%	3.23%	8.24%	15.90%
MSCI Emerging Markets	2.69%	1.46%	5.32%	7.23%
MSCI EAFE Small Cap	3.45%	4.35%	8.10%	10.07%
Fixed Income (Bonds)				
Bloomberg Int Gov/Credit	1.37%	1.73%	3.95%	4.63%
Bloomberg US Agg	2.16%	3.19%	6.16%	4.88%
Bloomberg US High Yield	1.92%	2.63%	6.03%	12.24%
Other				
Bloomberg Commodity	1.16%	-2.64%	-4.58%	-7.87%
S&P Dev Property	5.58%	8.24%	14.17%	10.09%

S&P 500 Sector Returns

	Week	MTD	QTD	YTD
Consumer Disc	3.48%	6.01%	12.33%	42.29%
Consumer Staples	1.58%	0.75%	3.57%	-1.36%
Energy	2.51%	-0.30%	-7.19%	-1.60%
Financials	3.60%	4.29%	12.83%	10.97%
Health Care	1.56%	2.18%	4.25%	-0.02%
Industrials	3.64%	5.54%	11.50%	16.51%
Info Technology	2.53%	3.47%	16.76%	57.29%
Materials	4.03%	3.44%	8.51%	11.34%
Real Estate	5.59%	7.48%	17.49%	11.09%
Communication Svcs	-0.10%	1.08%	7.01%	50.26%
Utilities	0.94%	1.99%	8.64%	-7.01%

Bond Yields

	12/15/23	11/30/23	9/30/23	12/31/22
3Mo Libor	5.63%	5.63%	5.66%	4.77%
SOFR 3Mo Swap	5.37%	5.37%	5.39%	4.59%
2Yr Treasury	4.44%	4.73%	5.03%	4.41%
10Yr Treasury	3.91%	4.37%	4.59%	3.88%
2-10 Slope	-0.53%	-0.36%	-0.44%	-0.53%

Commodities and Currency

	12/15/23	11/30/23	9/30/23	12/31/22
Oil (\$/barrel)	71.43	75.96	90.79	80.26
Gold (\$/oz.)	2019.62	2036.41	1848.63	1824.02

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