



Weekly Market Recap

The week in review

- ISM Manufacturing rose to 49.3
- Construction spending remained flat m/m

The week ahead

- Nonfarm payrolls
- ISM services PMI
- Consumer sentiment

Thought of the week

It was another great year for U.S. equities. The S&P 500 rose 23% and hit 57 new all-time highs along the way, the most since 1928. Once again, we have AI to thank for this spectacular performance. The Magnificent 7 rallied 48%, and for the second year in a row, technology, communication services and consumer discretionary were the top performing sectors, while semiconductors & semiconductor equipment was the top performing industry. Nevertheless, gains were slightly less concentrated: the Mag 7 contributed 55% of the index return this year vs. 63% in 2023. This is partly due to an expanded recognition of AI beneficiaries. The utilities sector, for instance, rallied 20% this year as markets priced in elevated electricity demand from data centers. In fact, the second-best performing stock in the S&P 500 was an electrical utility.

But it's not all about AI. After five consecutive quarters of contraction, earnings growth for the S&P 500 ex. Mag 7 inflected positively in 2Q24. Financials in particular improved profitability as capital markets and commercial loan activity increased, supporting a 28% return for the sector. In 2025, broader earnings growth should drive broader leadership. We got a taste of this rotation in 3Q24 when value outperformed growth for the first time since 2022. Health care, however, has lagged throughout the year, partly due to a slower post-COVID earnings recovery, but mainly amid regulatory uncertainty. Despite entering October up 13%, it sold off 11% over the course of the fourth quarter. Indeed, markets will be watching Washington closely this year. Deregulation, tax and tariff policies could all elevate volatility. Investors should ensure tech's outperformance hasn't left portfolios unprotected or unprepared to capitalize on any resulting changes in leadership.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5942	-0.45	1.05	1.05	28.06	29.81
Dow Jones 30	42732	-0.59	0.46	0.46	16.31	24.15
Russell 2000	5638	1.13	1.72	1.72	17.38	4.29
Russell 1000 Growth	2711	-0.63	1.45	1.45	38.62	35.80
Russell 1000 Value	1135	0.03	0.78	0.78	15.87	18.34
MSCI EAFE	2255	-0.87	-0.30	-0.30	6.29	6.57
MSCI EM	1073	-0.81	-0.13	-0.13	10.12	-4.61
NASDAQ	19622	-0.49	1.62	1.62	35.44	26.96

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.94	0.18	-0.13	-0.13	1.56	-6.42
U.S. Corporates	5.37	0.08	-0.14	-0.14	2.72	-5.71
Municipals (10yr)	3.49	0.55	0.29	0.29	-0.01	-1.18
High Yield	7.56	0.40	0.31	0.31	9.48	9.44

Key Rates	Levels (%)					
	1/3/25	12/27/24	12/31/24	12/31/24	1/3/24	1/3/22
2-yr U.S. Treasuries	4.28	4.31	4.25	4.25	4.33	0.78
10-yr U.S. Treasuries	4.60	4.62	4.58	4.58	3.91	1.63
30-yr U.S. Treasuries	4.82	4.82	4.78	4.78	4.05	2.01
10-yr German Bund	2.41	2.38	2.35	2.35	2.04	-0.15
SOFR	4.40	4.46	4.49	4.49	5.39	0.05
3-mo. EURIBOR	2.73	2.68	2.71	2.71	3.93	-0.57
6-mo. CD rate	2.30	2.29	2.29	2.29	2.26	0.14
30-yr fixed mortgage	7.26	7.28	7.28	7.28	7.06	3.30
Prime Rate	7.50	7.50	7.50	7.50	8.50	3.25

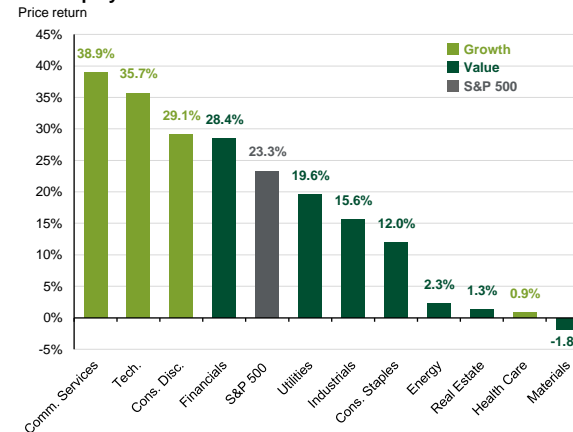
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.66	5.00	1.21	50320	
19.53	5.39	1.64	18876	
24.62	1.07	1.25	2699	
29.32	13.08	0.51	29784	
16.28	2.66	2.02	24689	
13.77	1.81	3.07	16057	
11.99	1.75	2.64	7650	
28.00	6.88	0.62	31938	

Currencies	Levels		
	1/3/25	12/31/24	1/3/24
\$ per €	1.03	1.04	1.09
\$ per £	1.24	1.25	1.26
¥ per \$	157.40	157.16	143.61

Commod.	Levels		
	1/3/25	12/31/24	1/3/24
Oil (WTI)	73.10	72.44	72.97
Gasoline	3.01	3.01	3.09
Natural Gas	3.66	3.40	2.57
Gold	2647	2609	2042
Silver	29.82	28.91	23.28
Copper	8701	8706	8381
Corn	4.46	4.53	4.55
BBG Idx	238.05	238.62	225.86

Chart of the Week

2024 equity sector returns



Style Returns

	V	B	G
L	0.0	-0.5	-0.6
M	0.1	0.3	0.8
S	0.9	1.1	1.3
L	0.8	1.0	1.4
M	0.8	1.2	2.5
S	1.0	1.7	2.4

S&P 500 Sector Returns

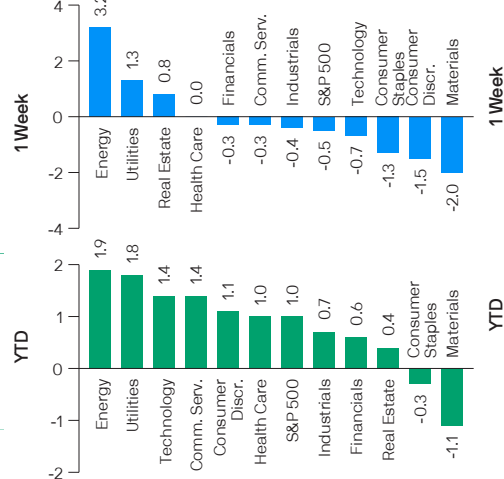




Chart of the Week: FactSet, S&P Global, J.P. Morgan Asset Management. Data are as of December 31, 2024.

Thought of the week: FactSet, S&P Global, J.P. Morgan Asset Management. Data are as of December 31, 2024.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.); provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period.

Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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