



# Weekly Market Recap

## The week in review

- Housing starts declined 9.8% m/m
- Initial claims rose to 219K
- Flash Mfg./Services PMI: 51.6/49.7

## The week ahead

- House price index
- New home sales
- 2<sup>nd</sup> est. of 4Q24 GDP

## Thought of the week

Gold has been on a tear, climbing 12% year-to-date, nearing \$3,000 per troy ounce. This follows an impressive 25.3% surge last year, edging past the S&P 500's total return. With prices at record highs, investors are questioning what's behind the rally and what role gold can play in their portfolios.

At first glance, the rally seems puzzling, given the modest growth in overall demand over the last five years. But as the chart of the week highlights, one buyer has stood out: central banks. While higher real yields have weighed on demand from other sources, central banks have increased their purchases by 11.5% annually since 2019. Their accumulation, driven by the need to diversify reserves, accelerated after Russia's foreign assets were frozen in 2022. With their share nearing a quarter of total demand, they have now become a dominant force in the market. Moreover, unlike private investors, they have been price-insensitive buyers, accumulating gold despite record highs, as they are motivated by geopolitical risk hedging rather than return optimization.

For private investors, the calculus is different. Gold pays no yield, making its opportunity cost even higher in today's elevated rate environment. While it has historically been a great diversifier during crises, it has not been a long-term source of alpha. Since 1988, gold has delivered roughly half the returns of a 60/40 portfolio with 50% more volatility. Today, investors seeking diversification have access to superior alternatives—such as transport and infrastructure—which not only reduce portfolio risk but also provide yield, something gold inherently lacks.

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	6013	-1.63	2.42	2.42	22.35	44.83
Dow Jones 30	43428	-2.48	2.29	2.29	14.51	35.36
Russell 2000	5456	-3.69	-1.44	-1.44	11.57	14.16
Russell 1000 Growth	2695	-2.76	0.90	0.90	26.83	57.40
Russell 1000 Value	1170	-0.94	4.13	4.13	16.31	27.59
MSCI EAFE	2443	-0.12	8.20	8.20	11.56	21.50
MSCI EM	1147	2.00	6.91	6.91	15.75	3.17
NASDAQ	19524	-2.49	1.18	1.18	26.19	47.60

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.78	0.35	1.47	1.47	5.02	-2.09
U.S. Corporates	5.22	0.26	1.54	1.54	5.69	0.53
Municipals (10yr)	3.36	0.23	1.39	1.39	1.72	3.47
High Yield	7.44	0.02	1.64	1.64	10.08	15.74

Key Rates	Levels (%)					
	2/21/25	2/14/25	12/31/24	12/31/24	2/21/24	2/21/22
2-yr U.S. Treasuries	4.19	4.26	4.25	4.25	4.64	1.47
10-yr U.S. Treasuries	4.42	4.47	4.58	4.58	4.32	1.92
30-yr U.S. Treasuries	4.67	4.69	4.78	4.78	4.49	2.24
10-yr German Bund	2.47	2.42	2.35	2.35	2.41	0.20
SOFR	4.33	4.33	4.49	4.49	5.30	0.05
3-mo. EURIBOR	2.53	2.52	2.71	2.71	3.95	-0.53
6-mo. CD rate	2.29	2.29	2.29	2.29	2.31	0.14
30-yr fixed mortgage	7.15	7.14	7.28	7.28	7.28	4.22
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)
21.79	5.04	1.21	50946
19.80	5.44	1.62	18725
23.91	1.90	1.31	2594
28.72	12.65	0.53	29594
16.76	2.76	1.98	25466
14.42	1.91	2.73	17402
12.59	1.83	2.11	8176
27.68	6.80	0.64	31821

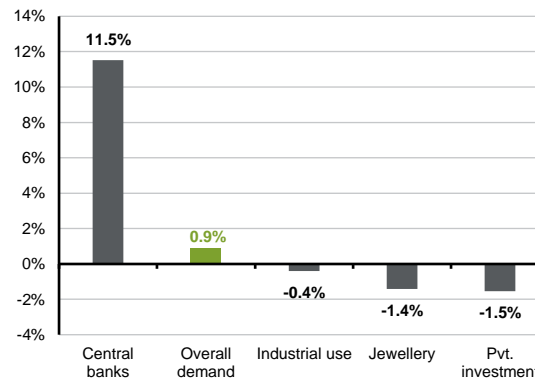
Currencies	Levels		
	2/21/25	12/31/24	2/21/24
\$ per €	1.05	1.04	1.08
\$ per £	1.26	1.25	1.26
¥ per \$	149.56	157.16	150.25

Commod.	Levels		
	2/21/25	12/31/24	2/21/24
Oil (WTI)	72.57	72.44	78.89
Gasoline	3.15	3.01	3.27
Natural Gas	4.15	3.40	1.58
Gold	2934	2609	2027
Silver	32.93	28.91	23.08
Copper	9494	8706	8472
Corn	4.84	4.53	4.08
BBG Idx	259.70	238.62	223.39

## Chart of the Week

### Central banks' gold rush

Annual change in gold demand, 2019–2024



## Style Returns

	V	B	G
L	-0.9	-1.6	-2.8
M	-1.4	-2.6	-5.9
S	-3.2	-3.7	-4.2
	V	B	G
L	4.1	2.4	0.9
M	1.3	1.7	3.0
S	-1.2	-1.4	-1.7

## S&P 500 Sector Returns

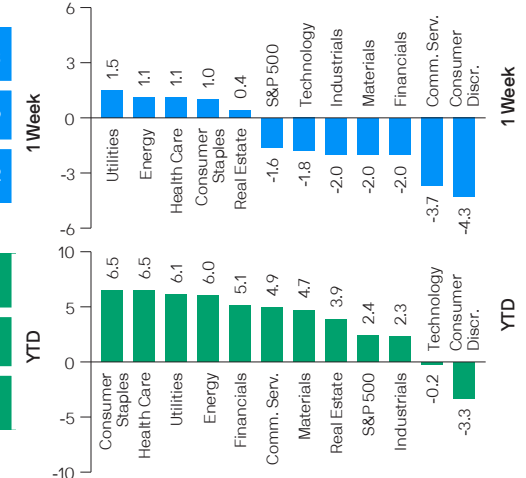




Chart of the Week: World Gold Council, J.P. Morgan Asset Management.

Thought of the week: ICE Benchmark Administration, World Gold Council, J.P. Morgan Asset Management.

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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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