

Weekly Recap

Economic Calendar

Monday, January 6

S&P Global U.S. Services PMI, Factory Orders.

Tuesday, January 7

ISM Non-manufacturing (Services) PMI, U.S. Trade Deficit, JOLTS Job Openings.

Wednesday, January 8

New Mortgage Activity, ADP Private Payrolls, FOMC Meeting Minutes, Consumer Credit.

Thursday, January 9

Equity Markets Closed (Memorial President Carter), Jobless Claims, Small Business Optimism, Wholesale Inventories.

Friday, January 10

Nonfarm Payrolls, Unemployment Rate, Hourly Wages, Consumer Sentiment.

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[ISM Manufacturing PMI Jumps](#)

[Ten-Year Treasury Yield Still Below October 2023 High](#)

[Large Caps Continue to Dominate](#)

[The Week Ahead Video](#)

S&P 500 Slips Fractionally

Wall Street Turns Defensive

All three major U.S. equity indices were lower last week after finishing 2024 with strong double-digit annual returns. Investor sentiment turned defensive as favorable December seasonality and hopes for a Santa Claus rally dimmed. Economists and market strategists are still broadly optimistic for 2025. The S&P 500's 1.26% gain on Friday snapped a five-day losing streak yet unfortunately that was not enough to cap a winning week.

For the Week...

The S&P 500 fell 0.45%, the Dow Jones Industrial Average lost 0.59%, and the tech-heavy Nasdaq Composite backpedaled by 0.49%. On a brighter note, the small cap focused Russell 2000 Index broadly outperformed, gaining 1.13%.

Pending Home Sales Surprise Stronger

Pending home sales gained 2.2% to 79.0 in November (+0.7% expected), its fourth straight monthly gain, and reached its highest level since February 2023. Year-over-year, pending home transactions improved 6.9% even as mortgage rates have average over 6% for the past 24 months.

Weekly Sector Insights

Seven of the 11 S&P 500 sector groups ended negative last week with Materials (-2.02%), Consumer Discretionary (-1.46%), Consumer Staples (-1.35%), and Technology (-0.72%) falling the most. Financials (-0.25%) fell the least while Energy (+3.24%) and Utilities (+1.33%) gained the most.

Treasury Yields Inched Lower

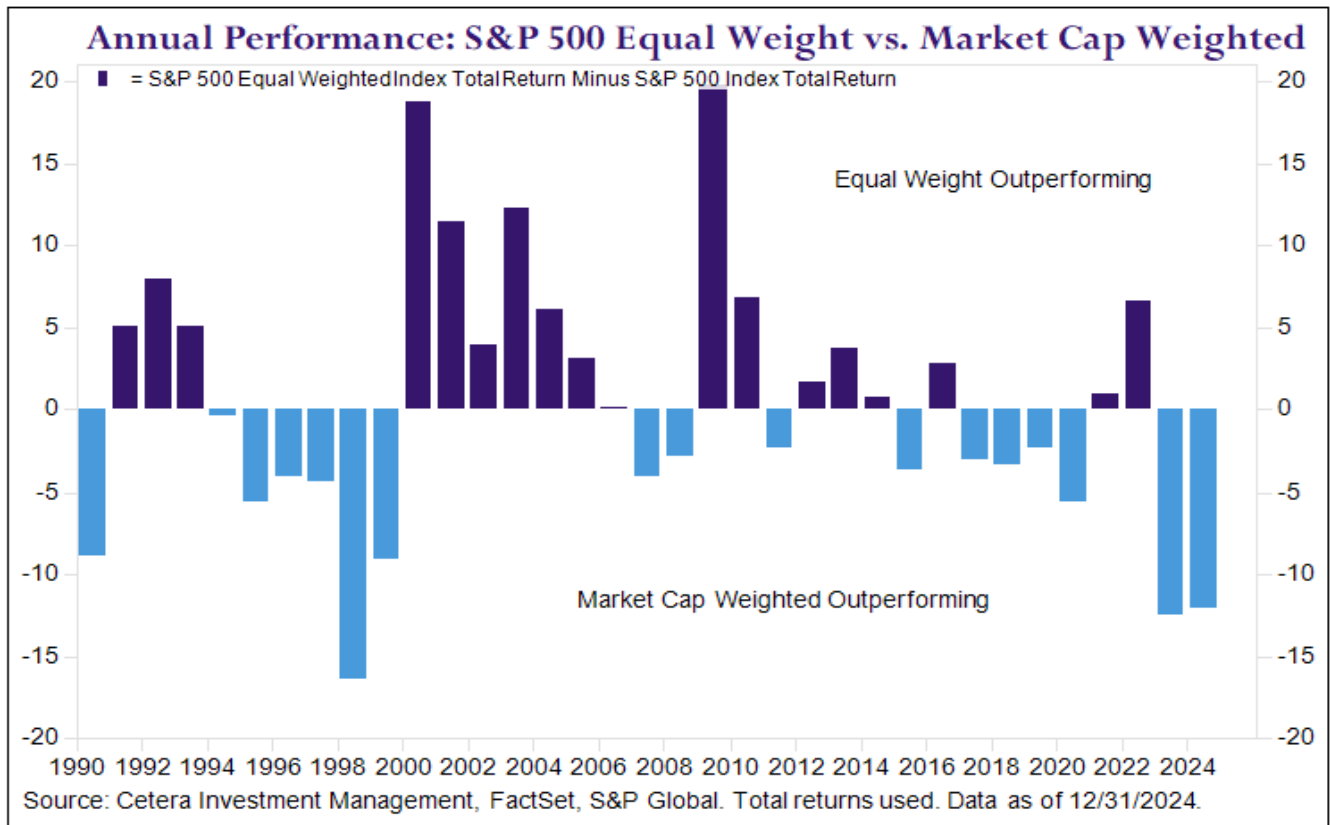
The yield on 10-year Treasury notes eased by just 0.03% last week, ending Friday at 4.597%. The U.S. Dollar Index rose 0.9%, while gold advanced 0.8% to end the week at \$2,654.70/ounce. U.S. WTI crude oil futures jumped 4.7% to \$73.96/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-0.59%	0.46%	2.15%	0.46%	16.31%	7.47%
S&P 500	-0.45%	1.05%	4.61%	1.05%	28.06%	9.08%
NASDAQ Composite	-0.49%	1.62%	9.69%	1.62%	35.44%	8.27%
Russell 3000	-0.27%	1.17%	5.02%	1.17%	27.34%	8.20%
Russell 2000	1.13%	1.72%	4.39%	1.72%	17.38%	1.41%
MSCI EAFE	-0.88%	-0.30%	-6.55%	-0.30%	5.75%	1.62%
MSCI Emerging Markets	-0.82%	-0.14%	-8.31%	-0.14%	9.55%	-2.01%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.18%	-0.13%	-2.91%	-0.13%	1.56%	-2.19%
Bloomberg Municipal Bonds	0.61%	0.29%	-1.23%	0.29%	1.39%	-0.44%
Bloomberg US Corp High Yield	0.40%	0.31%	0.58%	0.31%	9.48%	3.05%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	0.37%	-0.24%	-2.63%	-0.24%	5.40%	3.86%
S&P GSCI Crude Oil	4.76%	3.12%	0.34%	3.12%	1.73%	-0.94%
S&P GSCI Gold	0.87%	0.52%	-0.91%	0.52%	29.95%	13.81%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Larger Stocks Led S&P 500 Last Two Years



The S&P 500 outpaced the S&P 500 Equal Weight Index by 12% annually the last two years, marking the widest two-year outperformance since 1998-1999 at the tech bubble peak. From 2000-2005, however, the S&P 500 equal weight index consistently outperformed the S&P 500 each year. The Equal Weight Index reflects the average performance of all stocks in the S&P 500, while the market-cap-weighted S&P 500 is more influenced by larger stocks.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE Index** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.