

Economic Calendar

Monday, January 15
MLK, Jr Day. All Markets
Closed.

Tuesday, January 16
NY Empire State
Manufacturing.

Wednesday, January 17
Mortgage Activity,
Wholesale Trade Sales &
Inventories.

Thursday, January 18
Jobless Claims, Housing
Starts/Building Permits,
Philadelphia Fed
Manufacturing.

Friday, January 19
Existing Home Sales,
Consumer Sentiment.

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WEEKLY RECAP

January 8-12, 2024 Recap

Stocks Rebound

Rate Cut Hopes Reinforced

All three major U.S. equity indices finished higher for the week after ending their nine-week winning streaks the week prior. Equities were underpinned by mixed but mostly disinflationary signaling, a weaker dollar, and a sizable rally in Treasuries. Consumer prices edged higher last month, topping Wall Street estimates while wholesale prices unexpectedly fell in December for a third month. The fourth quarter earnings season kicked off on Friday with investors digesting mixed results from a handful of mega cap banks. Geopolitical risks were also in focus last week.

For the Week...

The S&P 500 climbed 1.87% after falling 1.50% the week prior. The Dow Jones Industrial Average rose 0.35% and the tech-heavy Nasdaq Composite jumped 3.09% for its best weekly performance in a month. Large caps (+1.82%) performed best among Russell indices while mid caps (+0.66%) trailed and small caps were unchanged.

Wholesale Inflation Slips Lower

Business input costs declined a third straight month. In December, the producer price index (PPI) fell 0.1% versus expectations for +0.2%. PPI inflation is up just 1% from a year ago, more than 2% below the CPI (+3.4% year-over-year). Easing producer costs is a positive for corporate earnings.

Weekly Sector Insights

Last year's top performers posted the strongest gains last week, led by Technology (+4.87%), Communication Services (+3.58%), and Consumer Discretionary (+1.53%). Energy (-2.39%), Utilities (-1.87%), and Materials (-1.02%) fell the most. Two weeks into the new year, Healthcare (+3.08%) is up the most on a year-to-date basis, while Technology is up just 0.63%.

Treasury Yields Decline

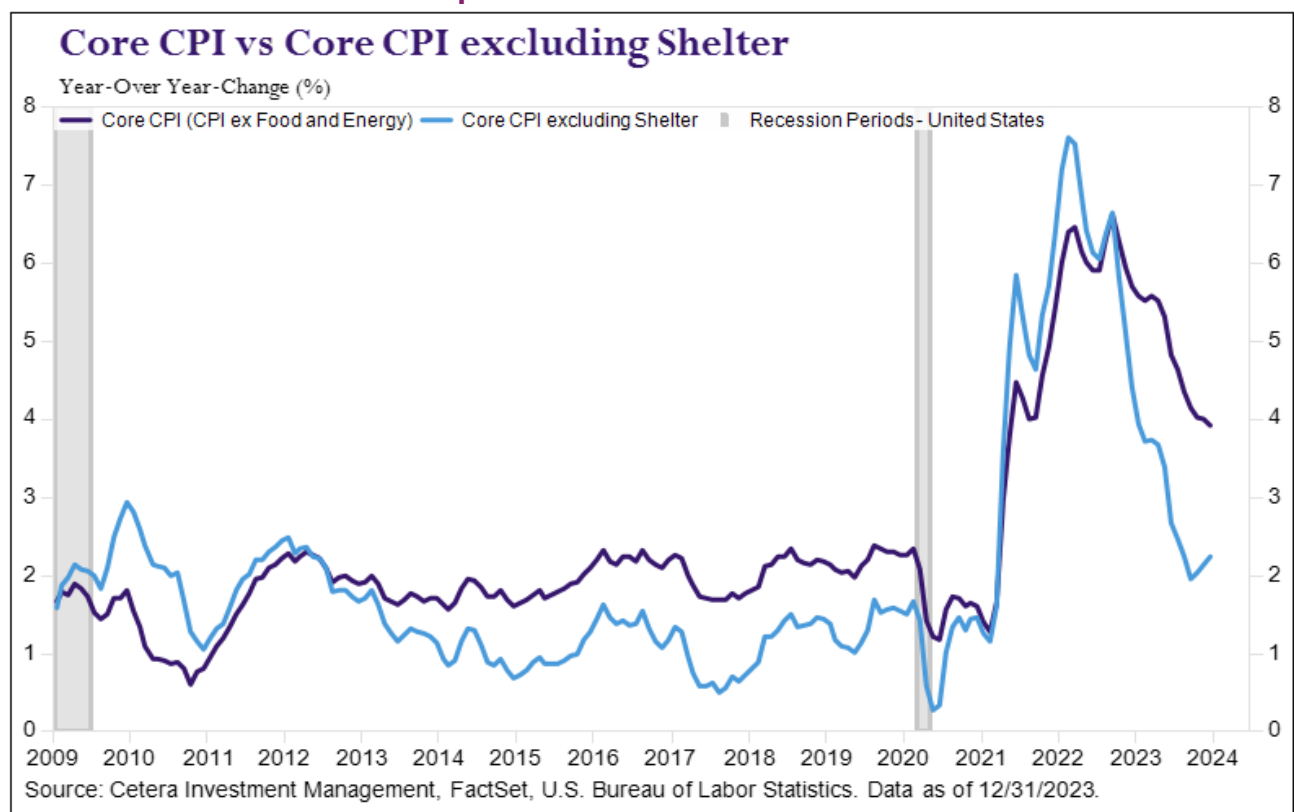
The yield on 10-year Treasury notes ended Friday at 3.957%, down just over 0.08% for the week. More notably, the yield on policy sensitive two-year Treasuries fell over 0.25% for the week ending at 4.15% (its lowest since May) as unexpected decline in producer prices reinforced expectations for Fed rate cuts this year.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.35%	-0.21%	12.25%	-0.21%	12.35%	8.74%
S&P 500	1.87%	0.34%	10.98%	0.34%	22.08%	9.66%
NASDAQ Composite	3.09%	-0.24%	11.91%	-0.24%	37.24%	5.44%
Russell 3000	1.72%	-0.04%	11.45%	-0.04%	20.89%	7.79%
Russell 2000	0.00%	-3.73%	13.91%	-3.73%	5.65%	-1.55%
MSCI EAFE	0.87%	-0.40%	10.98%	-0.40%	10.99%	3.29%
MSCI Emerging Markets	-0.57%	-2.65%	5.13%	-2.65%	0.39%	-7.52%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.92%	-0.29%	6.75%	-0.29%	2.06%	-3.06%
Bloomberg Municipal Bonds	0.05%	-0.24%	7.02%	-0.24%	3.92%	-0.46%
Bloomberg US Corp High Yield	0.97%	-0.16%	7.73%	-0.16%	9.19%	1.92%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.58%	-0.49%	-5.70%	-0.49%	-6.98%	9.38%
S&P GSCI Crude Oil	-1.38%	1.59%	-15.70%	1.59%	-7.39%	10.99%
S&P GSCI Gold	1.05%	-0.02%	6.69%	-0.02%	8.33%	3.90%

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

Chart of the Week: Shelter Impact on Inflation



Shelter costs are having an outsized impact on inflation, as measured by the consumer price index (CPI). Core CPI, which excludes volatile categories food and energy, eased narrowly to 3.9% Y/Y in December from 4.0% in November. If you exclude shelter, core CPI was up just 2.2% Y/Y. Market data on rent is indicating negative to flat growth over the last year, yet shelter inflation in CPI is up 6.2% Y/Y. The impact of slowing market rent growth will flow into CPI, but the impact is lagged.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.

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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 USD_X or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.