

Economic Calendar

Monday, February 5
S&P & ISM U.S. Services PMIs.

Tuesday, February 6
No Major Releases.

Wednesday, February 7
Mortgage Activity, U.S.
Trade Deficit, Consumer Credit.

Thursday, February 8
Jobless Claims, Wholesale Trade Sales/Inventories.

Friday, February 9
No Major Releases.

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WEEKLY RECAP

January 29-February 2, 2024 Recap

Winning Streak Continues

Large Caps Outperform

The S&P 500 ended positive for another week, shaking off a steep 1.6% Wednesday decline after Fed Chairman Powell dashed hopes for an early start to 2024 rate cuts. As widely expected, Fed policymakers held interest rates unchanged at their January 31 meeting, but at the Chairman's press conference Powell said a March rate cut is unlikely as more solid evidence is needed that "inflation is sustainably heading toward the 2% target." Improving earnings data and a strong January jobs report added to "soft-landing" evidence that U.S. may avoid negative GDP this year.

For the Week...

The S&P 500 climbed 1.41%, the Dow Jones Industrial Average advanced 1.43% and the tech-heavy Nasdaq Composite rose 1.13%. Weekly gains among Russell indices reversed back to large caps (+1.33%) with small caps down 0.77% after jumping 1.75% the week prior. Moreover, Large cap Growth stocks (+1.99%) outperformed their Value counterparts (+0.54%).

Factory Activity Improving

The ISM manufacturing activity PMI rose to a 15-month high in January. While the reading remains in contraction territory, the outlook is improving. The new orders component (a leading indicator) jumped back into expansion territory, reaching a 20-month high.

Weekly Sector Insights

Sector performance was more broadly positive last week with only two of the 11 major sector groups registering declines. Consumer Discretionary (+3.77%), Consumer Staples (+2.15%) and Healthcare (+1.98%) gained the most while Utilities (+0.42%) rose the least. Energy (-0.91%) and Real Estate (-0.47%) declined. So far this year, Communication Services (+10.91%), Technology (+6.78%) and Healthcare (+4.19%) are the top sectors.

Treasury Yields Ease

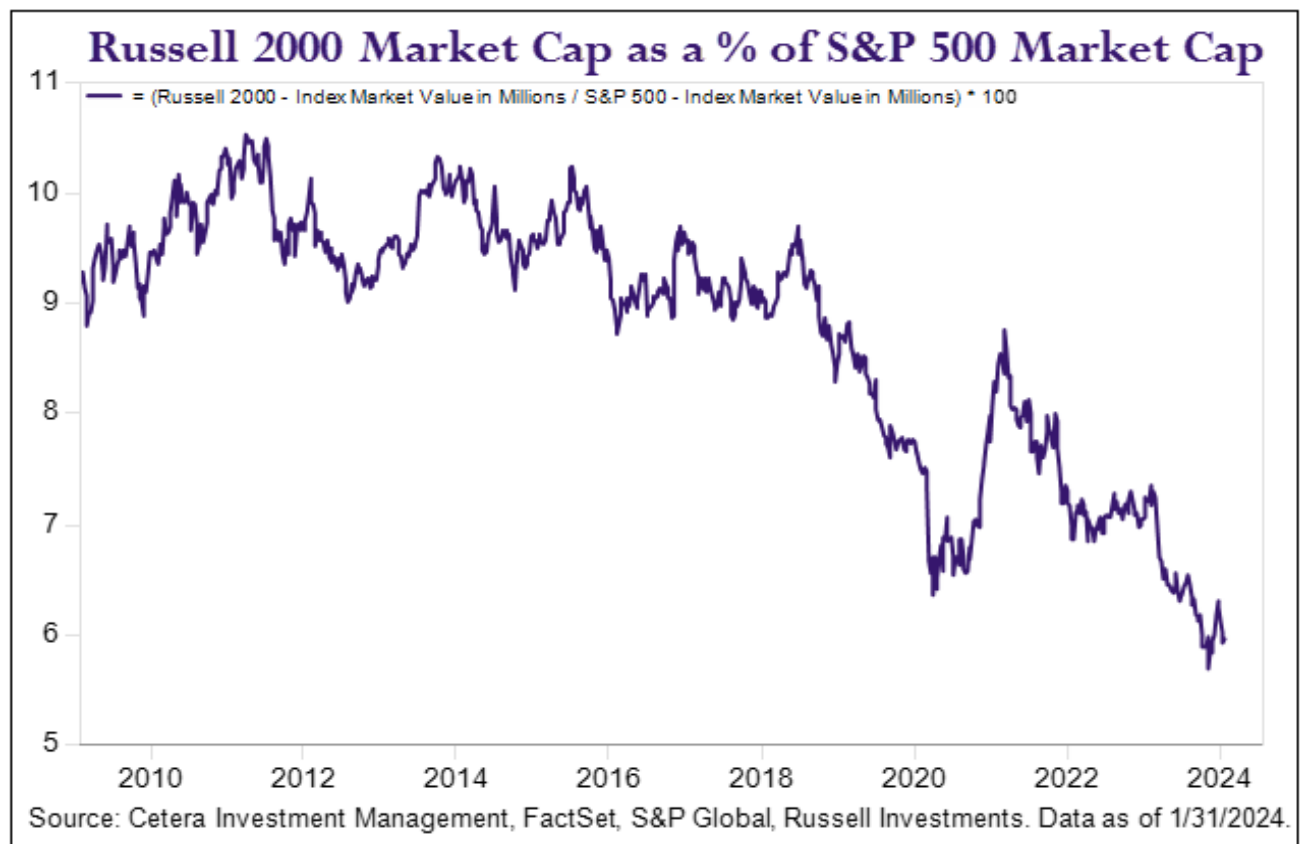
The yield on 10-year Treasury notes ended Friday at 4.028%, down 0.12% for the week. Gold jumped 1.8%, its best weekly performance since early December and U.S. WTI crude oil slumped 7.35%, more than fully erasing its prior week surge of 6.5%.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.43%	1.32%	14.84%	2.65%	15.98%	10.20%
S&P 500	1.41%	2.34%	15.31%	4.06%	20.59%	10.73%
NASDAQ Composite	1.13%	3.07%	17.80%	4.14%	29.17%	5.52%
Russell 3000	1.23%	2.20%	15.54%	3.33%	18.52%	8.75%
Russell 2000	-0.77%	0.80%	14.95%	-3.12%	-0.36%	-1.71%
MSCI EAFE	0.02%	-1.11%	11.14%	-0.54%	7.08%	3.68%
MSCI Emerging Markets	0.32%	1.27%	6.57%	-3.43%	-3.02%	-8.29%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.65%	-0.38%	6.13%	-0.66%	0.95%	-3.26%
Bloomberg Municipal Bonds	0.94%	0.34%	7.51%	-0.17%	2.89%	-0.67%
Bloomberg US Corp High Yield	0.10%	0.04%	6.80%	0.03%	7.59%	1.79%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-2.04%	-1.89%	-6.72%	-1.50%	-6.88%	8.72%
S&P GSCI Crude Oil	-7.35%	-4.71%	-12.35%	0.88%	-4.74%	9.68%
S&P GSCI Gold	0.86%	-0.66%	3.02%	-0.87%	6.37%	3.85%

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

Chart of the Week: Small Caps Standing Next to Giants



The Russell 2000 index of small cap stocks has a market cap of \$2.5 trillion, or 6% of the S&P 500's \$41 trillion market cap. This ratio is near a 15-year low, with the average at 9%. The two largest S&P 500 stocks each have a higher market cap than the Russell 2000.

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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.