

Economic Calendar

Monday, February 19

Washington's Birthday
(President's Day), All
Markets Closed.

Tuesday, February 20

Leading Economic
Indicators.

Wednesday, February 21

Mortgage Activity, FOMC
Minutes.

Thursday, February 22

Jobless Claims, Chicago
Fed National Activity, S&P
flash Service/Manufacturing
PMIs, Existing Home Sales.

Friday, February 24

No Major Releases.

[The Latest from @CeteraIM](#)

[Consumer Optimism Grows](#)

[Consumer Inflation Tops
Forecast](#)

[Retail Sales Slow](#)

[The Week Ahead Video](#)

WEEKLY RECAP

February 12-16, 2024 Recap

S&P 500 Ends Five-Week Winning Streak

Small Caps Outperform Another Week

All three major U.S. equity indices ended lower last week after stronger than expected consumer and wholesale inflation reports pushed out the timeline for when the Federal Reserve is expected to begin lowering interest rates. Market expectations are now centering on June as the most likely time for the Fed's first rate reduction. Earlier in the week, the S&P 500 posted its 11th new all-time high this year, supported by improving corporate earnings.

For the Week...

The S&P 500 slipped 0.35% last week, ending a five-week winning streak. The Dow Jones Industrial Average inched 0.02% lower while the tech-heavy Nasdaq Composite fell 1.31%. The small cap focused Russell 2000 Index outperformed another week (+1.17%), led by a 1.40% gain among its value components whereas its growth counterparts rose a lesser 0.94%.

Wholesale Inflation Tops Forecasts

The Producer Price Index (PPI) rose 0.3% in January, beating expectations. This follows a 0.1% December decline and brings the index up 0.9% from a year ago. The stronger-than-expected January PPI was due to a 0.6% rise in services-based prices (the largest increase since July 2023), whereas goods prices fell 0.2%. The core PPI (excludes food and energy) rose 0.5% (+0.1% forecast) following -0.1% the month prior and is up 2% from a year ago.

Weekly Sector Insights

This year's sector leaders saw haircuts last week, with Technology (-2.41%) and Communication Services (-1.61%) falling the most. Of the seven sectors posting a weekly gain, Energy (+2.71%), Materials (+2.39%), and Utilities (+1.60%) were the top performers. On a year-to-date basis, Communication Services (+10.24%) and Technology (+7.59%) continue to top the 2024 year-to-date leaderboard.

Treasury Yields Climb

Implications over the sticky inflation readings pushed Treasury yields higher last week. The yield on 10-year Treasury notes had briefly topped 4.3% on Friday before ending at 4.290%, up 0.12% for the week. The yield on Fed policy-sensitive 2-year Treasury notes had reached 4.70%, its highest since December.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.02%	1.43%	11.11%	2.76%	17.12%	9.20%
S&P 500	-0.35%	3.41%	11.46%	5.15%	24.37%	10.08%
NASDAQ Composite	-1.31%	4.10%	11.98%	5.18%	34.15%	4.76%
Russell 3000	-0.19%	3.58%	12.07%	4.73%	22.68%	8.03%
Russell 2000	1.17%	4.46%	15.01%	0.40%	6.33%	-2.35%
MSCI EAFE	1.47%	0.46%	8.79%	1.04%	10.68%	2.64%
MSCI Emerging Markets	2.11%	4.19%	3.84%	-0.65%	3.12%	-8.75%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.55%	-1.74%	3.01%	-2.01%	2.53%	-3.44%
Bloomberg Municipal Bonds	-0.10%	-0.20%	4.10%	-0.71%	4.36%	-0.95%
Bloomberg US Corp High Yield	-0.32%	-0.15%	5.15%	-0.15%	10.59%	1.47%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.62%	-2.11%	-4.14%	-1.72%	-5.56%	7.01%
S&P GSCI Crude Oil	2.16%	3.44%	7.35%	9.50%	-0.36%	9.30%
S&P GSCI Gold	-0.72%	-2.09%	0.83%	-2.30%	9.30%	4.00%

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

Chart of the Week: Rising Concentration



As megacap growth stocks push the S&P 500 higher, the weight of the top 10 holdings in the index has grown to a 22-year high of 33.8%, indicating that the index is becoming more concentrated. It can get more extreme. The top 10 holdings grew to 40% of the index at the peak of the tech bubble in March 2000.

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

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