

# Weekly Recap

## Economic Calendar

### Monday, December 23

Chicago Fed National Activity, Consumer Confidence.

### Tuesday, December 24

Durable Goods Orders, New Home Sales.

### Wednesday, December 25

Christmas Holiday, All Markets Closed.

### Thursday, December 26

Jobless Claims.

### Friday, December 27

Goods-only Trade Balance, Retail & Wholesale Inventories.

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## Stocks Post Another Weekly Decline

### 2025 Fed Rate Cut Outlook in Focus

All three major U.S. equity averages gained over 1% on Friday, trimming deeper losses earlier in the week after the Federal Reserve reduced its rate cut outlook. The resulting angst spurred a near 3% mid-week slide on the S&P 500, which posted its second-worst trading day of the year. Investors were also on edge over the then approaching government funding deadline. Stopgap funding legislation was ultimately passed late Friday evening. Favorably, economic data was mostly positive last week, including stronger than expected retail sales and an upward revision in third quarter GDP.

### For the Week...

The S&P 500 fell nearly 2% while the Dow Jones Industrial Average tumbled 2.23% with Friday's 1.18% gain snapping a 10-day losing streak (its longest since 1974). The tech-heavy Nasdaq Composite had the smallest weekly loss, down 1.77%. The small cap-focused Russell 2000 slumped 4.43%.

### Fed Foresees Fewer Rate Cuts Next Year

As widely expected on Wednesday, Federal Reserve policymakers voted to cut its key Fed Funds rate by 0.25% to a range of 4.25%-4.50%, its third consecutive rate cut of 2024. The Fed has reduced rates by 1% since September. Even so, policymakers scaled back their outlook for 2025 rates cuts, projecting just two further rate reductions next year, down from four previously forecasted in September.

### Weekly Sector Insights

All 11 major S&P 500 sector groups ended negative last week with Energy (-5.57%), Real Estate (-4.78%), and Materials (-4.11%) falling the most. Technology (-0.72%) fell the least for a second week, followed by Utilities (-1.58%) and Financials (-1.99%). In year-to-date (YTD) performance, Communication Services (+41.38%), Technology (+38.36%), and Consumer Discretionary (+32.96%) remain this year's top performers.

### Treasury Yields Advance Again

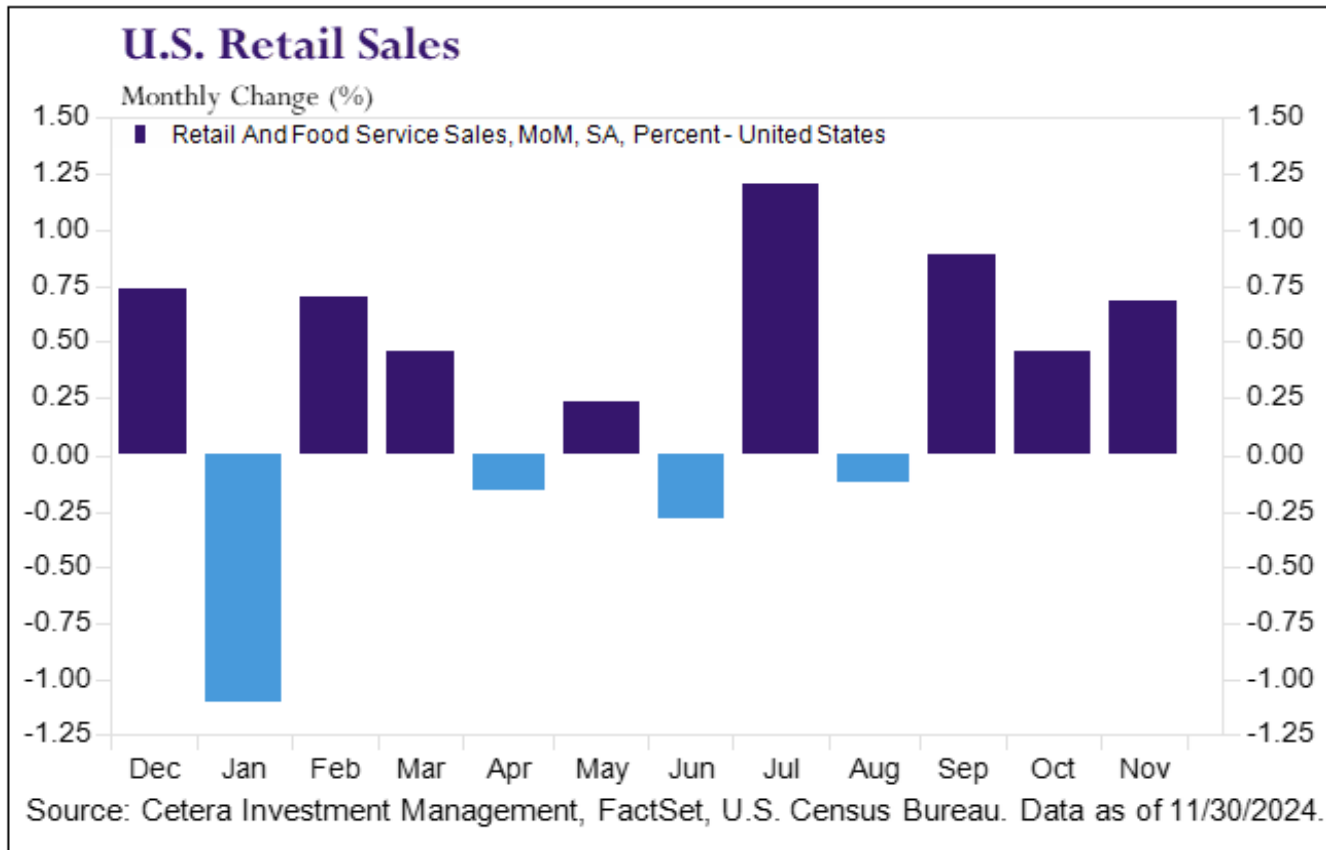
The yield on 10-year Treasury notes climbed 0.13% last week to 4.529%. The U.S. Dollar Index rose 0.7%, its 11<sup>th</sup> weekly gain in the past 12 weeks. Gold futures fell 1.1% to end the week at \$2,645/ounce while U.S. WTI crude oil futures finished Friday at \$69.46/barrel, giving back 2.6% following a 6.1% prior week gain.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	-2.23%	-4.47%	2.27%	15.79%	17.68%	9.22%
S&P 500	-1.97%	-1.60%	4.34%	26.03%	27.97%	10.79%
NASDAQ Composite	-1.77%	1.89%	9.22%	31.30%	33.40%	10.19%
Russell 3000	-2.27%	-2.23%	4.52%	24.87%	26.90%	9.88%
Russell 2000	-4.43%	-7.82%	0.97%	12.07%	14.65%	3.06%
MSCI EAFE	-3.58%	-3.43%	-7.22%	2.60%	4.08%	2.57%
MSCI Emerging Markets	-3.12%	-0.49%	-2.95%	7.12%	10.03%	-0.86%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	-0.69%	-1.62%	-3.28%	1.27%	1.62%	-2.43%
Bloomberg Municipal Bonds	-1.23%	-1.76%	-1.39%	0.74%	0.97%	-0.64%
Bloomberg US Corp High Yield	-0.81%	-0.62%	0.13%	7.99%	8.61%	3.13%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.04%	-0.33%	0.53%	3.97%	3.60%	4.94%
S&P GSCI Crude Oil	-1.92%	2.15%	-2.17%	-3.06%	-6.41%	0.41%
S&P GSCI Gold	-1.15%	-1.34%	-0.04%	27.67%	29.17%	13.79%

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

## Chart of the Week: Robust Retail Spending



Consumer spending was stronger than expected in November, with retail sales rising 0.7% (vs +0.5% expected). The increase was driven by a 2.6% jump in vehicle sales and a 1.8% gain in non-store retail (online) sales, highlighting strong consumer demand. Through November, retail sales grew by 3.8% from a year ago.

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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.