

WEEK OF JANUARY 27, 2025

Market Update

Economic data was mixed, with stronger-than-expected existing home sales and a softer-than-expected Purchasing Managers Index (PMI). International markets fared well, thanks to a softer U.S. dollar and better-than-feared tariff policy. Bonds were little changed.

Quick Hits

- 1. Report releases:** Existing home sales grew for the third consecutive month.
- 2. Financial market data:** International markets led the way on a softer U.S. dollar and better-than-feared tariff policy.
- 3. Looking ahead:** Economic data will focus on consumer confidence, interest rates, economic growth, and personal income and spending.

Report Releases: January 21–24, 2025

U.S. Leading Economic Index (LEI)
December
(Wednesday)

As expected, the LEI softened slightly, declining 1.3 percent in the second half of 2024. The index was down because of lower confidence about future business conditions, soft manufacturing orders, and a slight uptick in unemployment claims.

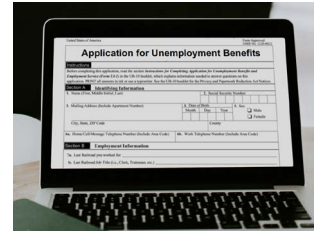
- Prior/expected LEI change: +0.3%/–0.1%
- Actual LEI change: –0.1%



Initial Jobless Claims
December
(Thursday)

Seasonally adjusted jobless claims were slightly higher than expected, up 9,500 from their four-week moving average of 213,500.

- Prior weekly jobless claims/expected weekly jobless claims: 217,000/221,000
- Actual weekly jobless claims: 223,000



Existing Home Sales
December
(Friday)

Existing home sales rose for the third consecutive month, though the pace of sales remained subdued on a historical basis.

- Expected/prior month existing home sales change: +1.2%/+4.8%
- Actual existing home sales change: +2.2%



S&P Flash US PMIs
January
(Friday)

The S&P Global US Composite PMI dipped from 55.4 to 52.4. Services led the softening, dropping from 56.8 to 52.8; conversely, manufacturing increased from 49.4 to 50.1, entering expansionary territory.



>> The Takeaway

- Economic data was mixed, with stronger-than-expected existing home sales and relatively stable jobless claims.
- The LEI and the U.S. services sector showed mild signs of softening.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.76%	3.80%	3.80%	27.03%
Nasdaq Composite	1.65%	3.35%	3.35%	29.84%
DJIA	2.19%	4.50%	4.50%	19.69%
MSCI EAFE	3.17%	4.43%	4.43%	9.93%
MSCI Emerging Markets	1.87%	1.48%	1.48%	14.14%
Russell 2000	1.40%	3.51%	3.51%	19.23%

Source: Bloomberg, as of January 24, 2025

Equities in global markets continued their recent move higher. International markets led the way; a weakening U.S. dollar and a slower (or potentially lighter) rollout of tariffs were factors. President Trump threatened a 10 percent tariff on China, well below earlier claims. Canada and Mexico remain in the crosshairs, with a 25 percent tariff potentially being imposed on February 1. Earnings have gotten off to a solid start, with 80 percent of S&P 500 companies reporting earnings above estimates, exceeding the five-year average of 77 percent.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.28%	0.09%	2.98%
U.S. Treasury	0.25%	0.06%	2.24%
U.S. Mortgages	0.35%	-0.01%	3.17%
Municipal Bond	0.30%	-0.05%	2.21%

Source: Bloomberg, as of January 24, 2025

Treasury yields were relatively unchanged, with an incremental increase in rates in the belly of the curve. The 2-year and 30-year were flat, whereas the 5-year and 10-year increased just 1 basis point each.

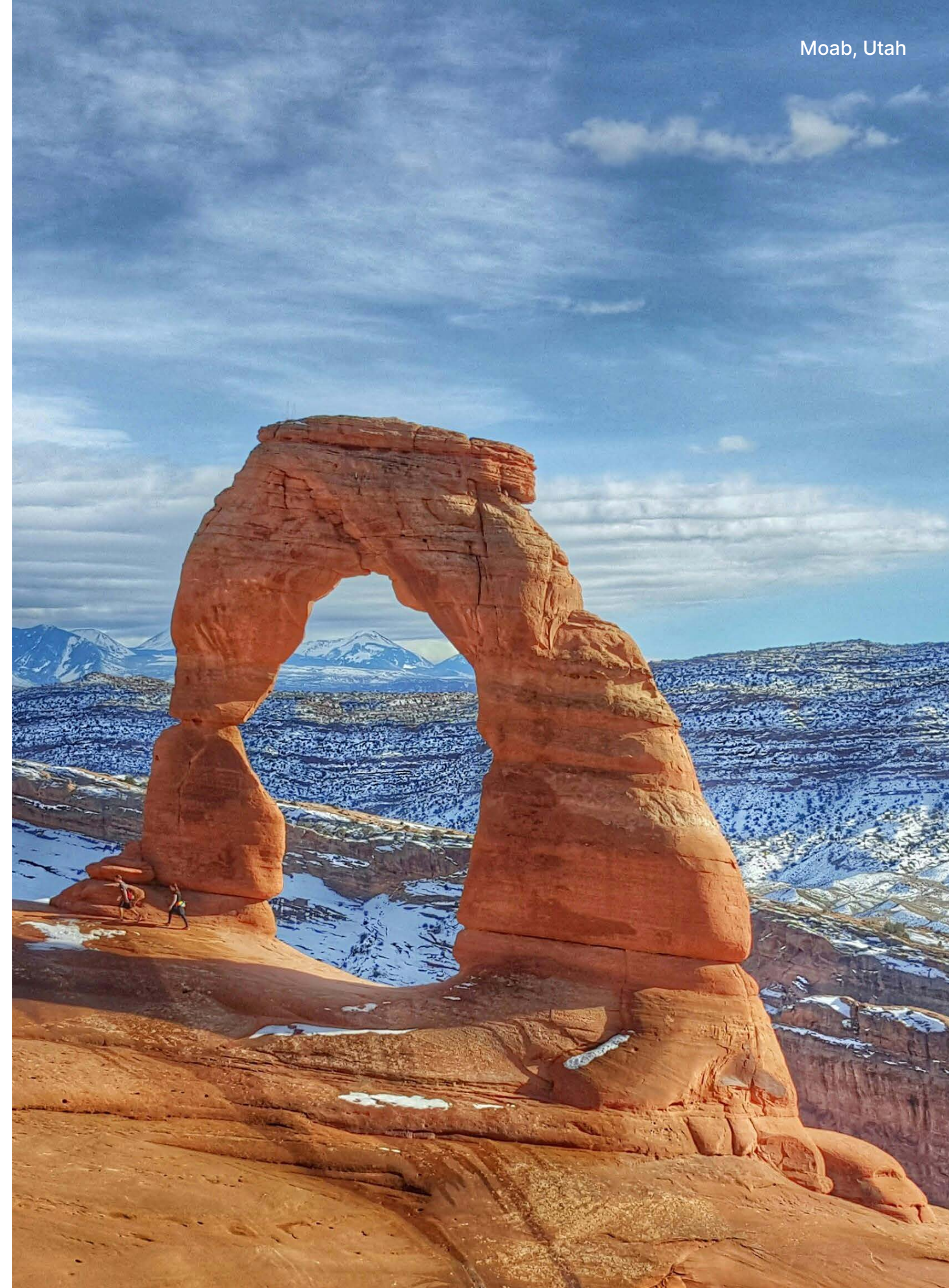
>> The Takeaway

- International markets fared well on a softer U.S. dollar and better-than-feared tariff policy.
- Bonds were little changed.

Looking Ahead

It should be a busy week for markets. Economic data will primarily focus on consumer confidence, the Federal Open Market Committee (FOMC) rate decision, U.S. economic growth, and personal income and spending.

- On Tuesday, the **Conference Board Consumer Confidence Index** for January will be released. Confidence is expected to improve modestly.
- The **FOMC** will release its January rate decision on Wednesday. The Federal Reserve (Fed) is expected to keep short-term interest rates unchanged.
- On Thursday, the **advance estimate of fourth-quarter GDP** will be released and is set to show that the pace of economic growth slowed. Personal consumption growth is also expected to slow modestly.
- Finally, on Friday, **personal income and personal spending data** for December will be released. Both are set to rise, which would cap a strong year of income and spending growth.





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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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