



# Capital Markets Snapshot

Courtesy of LWS Financial

Week ending January 12, 2024

Inflation data over the past week reminded investors despite positive trends higher prices are still present in the economy. The Consumer Price Index (CPI) came in higher than expected for December with an increase of 0.3% and was up 3.4% on a year over year basis. Housing, medical, and vehicle insurance costs were noted as contributors to the increase. Core CPI, which excludes the costs of food and energy, was also up 0.3% for the month.

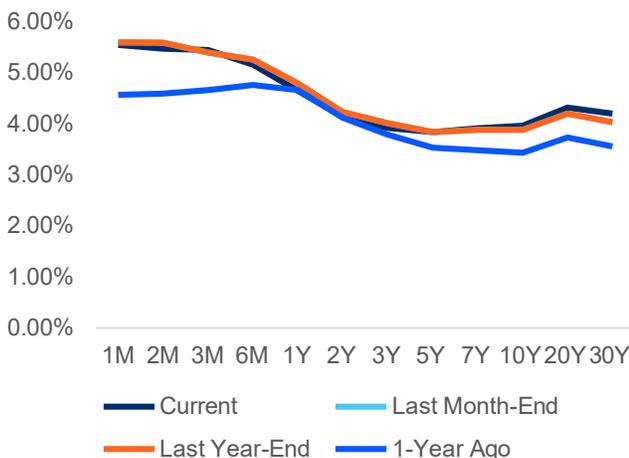
## Fixed Income Markets Overview

- Bonds were volatile for the week following the CPI report, but yields ended the week lower.
- The Producer Price Index (PPI) report came in below expectations with a decline of 0.1% for December, the third monthly decline.
- The Mortgage Banker Association noted that mortgage applications increased 9.9% in the first week of 2024, while re-finance applications rose by 19%. The average rate on a 30-year conforming mortgage rose slightly over the week to 6.81%.
- European Central Bank President Christine LaGarde stated she believed rates had probably reached a peak stating the “worst part is behind us” regarding inflation.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.54%	0.33%	0.20%	1.88%
<b>Core Plus</b>	Intermediate Govt/Credit	0.79%	0.12%	-1.46%	1.87%
	International Aggregate	0.38%	-1.01%	-5.63%	-0.80%
	US Aggregate	0.92%	-0.29%	-3.17%	1.15%
	US Treasury	0.67%	-0.36%	-3.61%	0.77%
	US TIPS	0.97%	0.14%	-0.79%	3.05%
	US Corporate	1.26%	-0.30%	-3.03%	2.13%
	US Corporate High Yield	0.98%	-0.16%	1.89%	4.75%
<b>Other</b>	Emerging Markets Aggregate	0.78%	-0.69%	-2.97%	1.18%
<b>Muni</b>	US Municipals	0.05%	-0.24%	-0.47%	2.56%
	US Municipals High Yield	0.28%	-0.37%	0.31%	4.62%

Source: Bloomberg as of January 12, 2024

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of January 12, 2024

Interest Rates (%)				
Date	1/12/2024	12/29/2023	12/29/2023	1/12/2023
Federal Funds Rate	5.55%	5.60%	5.60%	4.57%
3 Month Treasury	5.45%	5.40%	5.40%	4.66%
6 Month Treasury	5.16%	5.26%	5.26%	4.76%
2 Year Treasury	4.14%	4.23%	4.23%	4.12%
5 Year Treasury	3.84%	3.84%	3.84%	3.53%
10 Year Treasury	3.96%	3.88%	3.88%	3.43%
30 Year Treasury	4.20%	4.03%	4.03%	3.56%
US Aggregate	4.55%	4.53%	4.53%	4.26%
US Corporate	5.07%	5.06%	5.06%	4.98%
US Corporate High Yield	7.71%	7.59%	7.59%	8.11%
US Municipal	3.30%	3.22%	3.22%	3.20%
US Municipal High Yield	5.60%	5.57%	5.57%	5.52%

Spreads Over 10-Year US Treasuries				
Date	1/12/2024	12/29/2023	12/29/2023	1/12/2023
30 Year Treasury	0.24%	0.15%	0.15%	0.13%
US Aggregate	0.59%	0.65%	0.65%	0.83%
US Corporate	1.11%	1.18%	1.18%	1.55%
US Corporate High Yield	3.75%	3.71%	3.71%	4.68%
US Municipal	-0.66%	-0.66%	-0.66%	-0.23%
US Municipal High Yield	1.64%	1.69%	1.69%	2.09%

Source: Bloomberg and U.S. Treasury as of January 12, 2024

## Equity Markets Overview

- All three major equity indices were up for the week, with the S&P 500 coming close to an all time high on Friday. Sectors were widely mixed, Information Technology led the market with an increase of 4.9%, while Energy saw the biggest decline with a decrease of 2.4%.
- Delta Airlines reported strong results in the fourth quarter but reduced their 2024 outlook due to supply concerns and international tensions.
- Earnings reports from the financial sector were mixed last week. Wells Fargo reported positive results in the fourth quarter. Meanwhile, Citigroup reported a loss, Bank of American reported revenue below expectations, and JP Morgan's earnings per share was below estimates. All four banks noted large special one-time assessment fees from the FDIC due to last year's banking crisis.
- This week's earnings reports will include Morgan Stanley, PNC Bancorp, and Goldman Sachs.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	1.75%	0.11%	9.20%	13.31%
<b>Large-Cap</b>	S&P 500	1.87%	0.34%	9.59%	13.77%
	S&P 500 Growth	3.78%	0.85%	6.82%	15.33%
	S&P 500 Value	-0.24%	-0.23%	11.96%	11.12%
<b>Mid-Cap</b>	S&P Midcap 400	0.60%	-1.87%	5.62%	8.84%
	S&P Midcap 400 Growth	1.60%	-1.29%	1.92%	8.33%
	S&P Midcap 400 Value	-0.41%	-2.46%	9.29%	8.94%
<b>Small-Cap</b>	S&P Smallcap 600	-0.02%	-3.62%	3.38%	7.52%
	S&P Smallcap 600 Growth	0.76%	-2.96%	0.85%	8.13%
	S&P Smallcap 600 Value	-0.81%	-4.29%	5.77%	6.62%
<b>Int'l.</b>	MSCI ACWI ex-USA	0.37%	-1.11%	0.05%	2.88%
	MSCI EM	-0.57%	-2.65%	-7.63%	-0.91%

Source: Bloomberg as of January 12, 2024

## Alternative Markets Overview

- Bitcoin was the story of the week as the SEC approved the launch of eleven spot bitcoin ETFs on Wednesday. The price of Bitcoin rose to just above \$49,000 during the week but pulled back below \$44,000 by Friday.
- The price of oil rose during the week over continuing concerns in the Middle East.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.21%	1.04%	17.44%	5.21%
Gold	-0.03%	-1.09%	3.41%	9.15%
FTSE All Equity NAREIT	0.69%	-0.89%	6.22%	7.65%
Bitcoin	-0.36%	4.21%	6.43%	26.07%
Ethereum	14.50%	11.66%	32.29%	15.39%

Source: Bloomberg as of January 12, 2024



## Upcoming Week

- In addition to corporate earnings, economic releases this week will include Retail Sales, Capacity Utilization, and the University of Michigan Consumer Sentiment Index.
- The week will also provide insight into the housing market with releases on Housing Starts from the U.S. Census Bureau and Existing Home Sales from the National Association of Realtors.

## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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