

WEEK OF JANUARY 2, 2024

Market Update

Quick Hits

- 1. Report releases: There were no major data releases during the holiday-shortened week.
- 2. Financial market data: International stocks led the way as China continued to try to stimulate its economy.
- 3. Looking ahead: We expect several important releases this week, including the December jobs report.

Market Update—January 2, 2024

Report Releases: December 26–29, 2023

With the Christmas holiday on Monday and an early close for the bond market on Friday, there were no major economic updates last week. Several important announcements are expected this week, however; see the Looking Ahead section.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.34%	4.54%	26.29%	26.29%
Nasdaq Composite	0.14%	5.58%	44.64%	44.64%
DJIA	0.81%	4.93%	16.18%	16.18%
MSCI EAFE	1.16%	5.31%	18.24%	18.24%
MSCI Emerging Markets	3.24%	3.91%	9.83%	9.83%
Russell 2000	-0.28%	12.22%	16.93%	16.93%

Source: Bloomberg, as of December 29, 2023

The S&P 500 and Nasdaq Composite moved higher for the ninth consecutive week. International markets led the way on the potential for continued stimulus from the Chinese government by lowering the required reserve ratio for banks. Over the past nine weeks, small-caps rose more than 24 percent; the S&P 500 increased 16 percent and the Nasdaq grew more than 18 percent over the same timeframe.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	3.83%	5.53%	5.53%
U.S. Treasury	3.36%	4.05%	4.05%
U.S. Mortgages	4.31%	5.05%	5.05%
Municipal Bond	2.32%	6.40%	6.40%

Source: Bloomberg, as of December 29, 2023

Movement in fixed income markets were muted, with fewer than four days of trading during the holiday-shortened week. The front end of the yield curve moved lower as investors added a bit to short-term Treasuries as 2024 approached. The Bloomberg US Aggregate Bond and US Treasury indices increased 8.2 percent and 6.59 percent, respectively, in the last nine weeks of 2023.

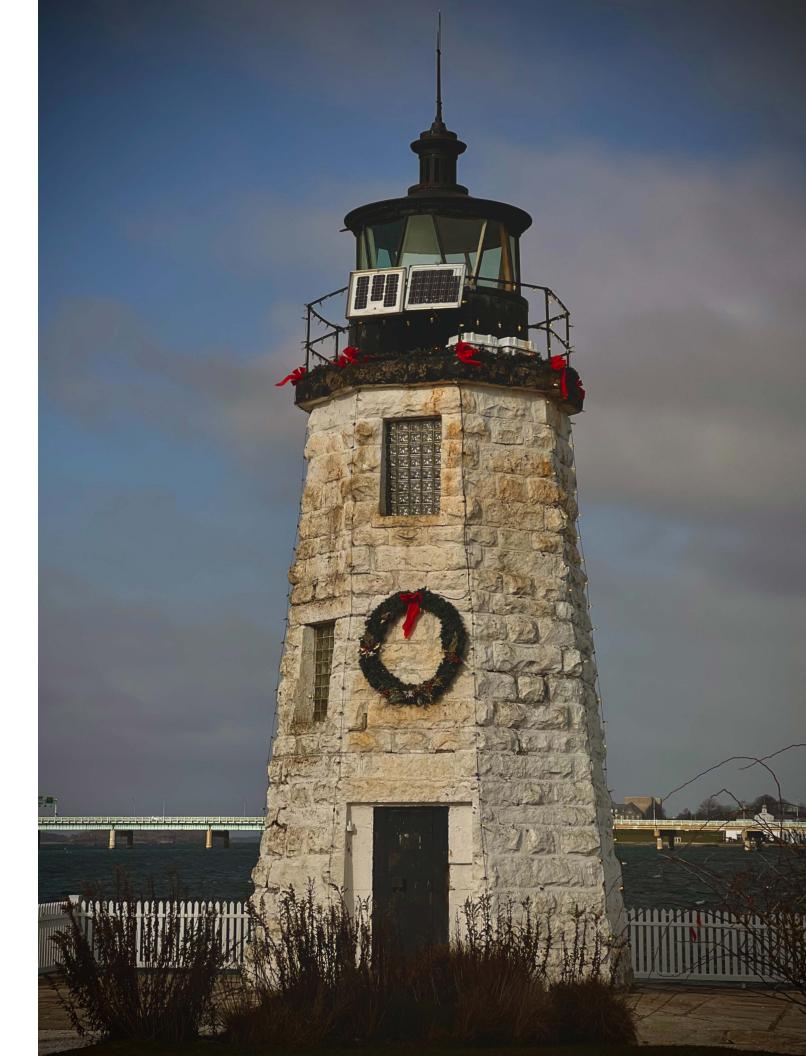
>> The Takeaway

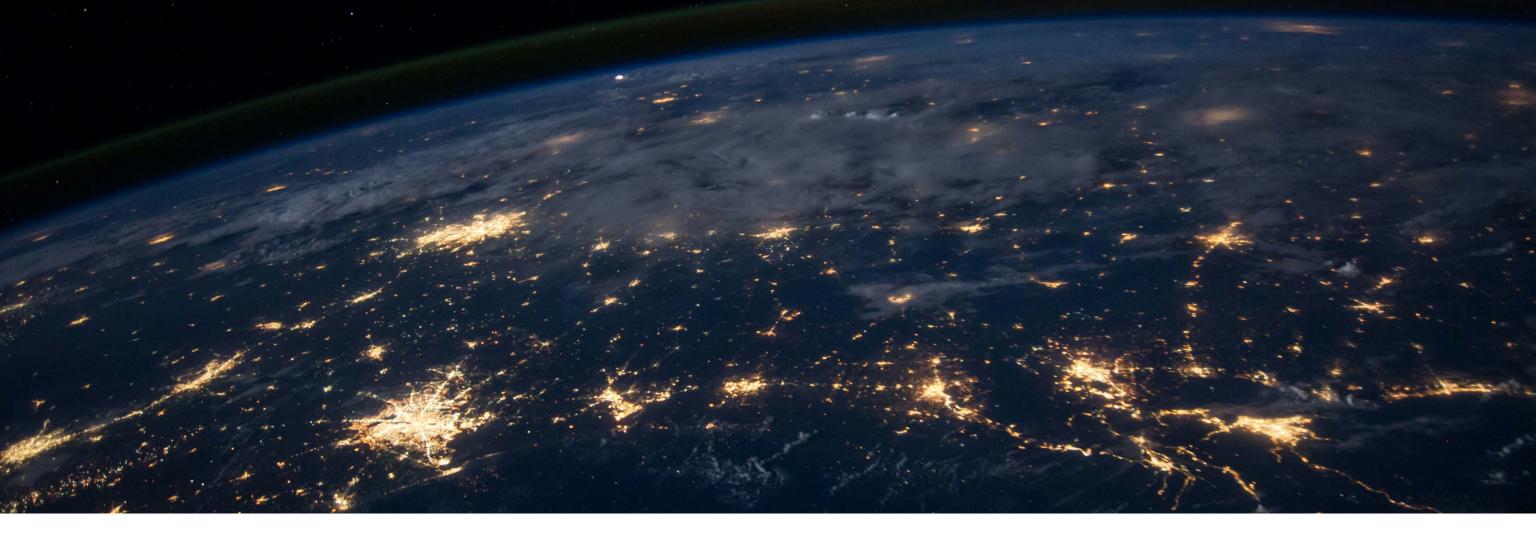
- A broadened rally ended the year as small-caps and the rest of S&P 500 played catch-up to top Nasdaq names.
- The front end of the Treasury yield curve moved lower as fixed income investors were a bit more cautious.

Looking Ahead

Reports on business confidence, Federal Reserve (Fed) policy, and employment are expected in the week ahead.

- The week kicks off Wednesday with the release of the **ISM Manufacturing index** for December. Manufacturer confidence is expected to improve modestly, but the index is expected to remain in contractionary territory.
- We also expect the release of **Federal Open Market Committee (FOMC)** meeting minutes for December on Wednesday. The Fed kept interest rates unchanged at the meeting but hinted that cuts in 2024 may be appropriate if we continue to make progress in combating inflation.
- On Friday, the week wraps with the December **employment report** and **ISM Services index** for December. Economists expect to see continued hiring growth to end the year, with calls for 170,000 new jobs during the month. Service sector confidence is set to decline slightly after improving more than expected in November.





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Authored by the Investment Research team at Commonwealth Financial Network.®

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