

# Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending February 16, 2024

Surprising inflation numbers led to an equity market sell-off last week resulting in the S&P's first decline in five weeks. The January Consumer Price Index (CPI) came in at an annual rate of 3.1%, which was higher than economists' expectations of 2.9%. This was followed later in the week by the Producer Price Index (PPI), which also exceeded analysts' estimates with a reading of 0.3% for January, the highest level in five months. These higher inflationary readings have the markets concerned the Federal Reserve will not have rationale to lower rates any time soon.

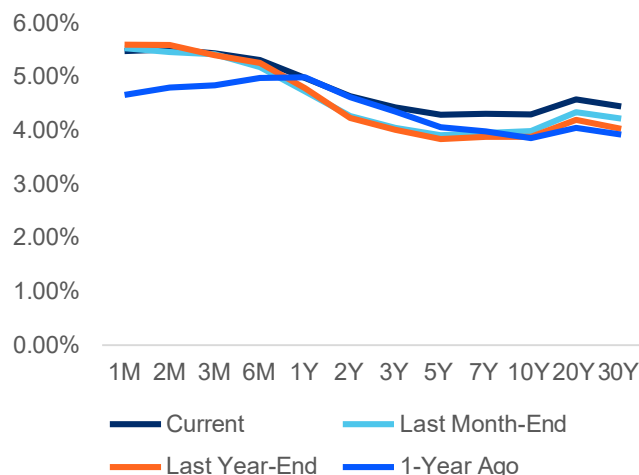
## Fixed Income Markets Overview

- Bond yields rose for the week following the surprising CPI and PPI reports. The 2-year U.S. Treasury yield reached 4.72%, its highest level since December.
- Notable points in the CPI report included increasing shelter and rent costs along with higher food and restaurant pricing.
- Other economic news last week showed a slowdown in consumer spending, with retail sales falling by 0.8% in January, while the November and December levels were also revised lower.
- A brighter spot among economic releases was the preliminary University of Michigan Consumer Sentiment Index for February, which reached its highest level since July 2021.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.2%	-0.1%	0.0%	1.8%
	Intermediate Govt/Credit	-0.4%	-1.0%	-1.8%	1.8%
Core Plus	International Aggregate	-0.3%	-3.1%	-5.9%	-1.4%
	US Aggregate	-0.6%	-2.0%	-3.5%	1.1%
	US Treasury	-0.6%	-2.0%	-3.8%	0.7%
	US TIPS	-0.2%	-1.4%	-1.3%	3.0%
	US Corporate	-0.5%	-1.9%	-3.3%	2.2%
	US Corporate High Yield	-0.3%	-0.2%	1.5%	5.0%
Other	Emerging Markets Aggregate	0.0%	-1.0%	-3.1%	1.5%
Muni	US Municipals	-0.1%	-0.7%	-0.9%	2.7%
	US Municipals High Yield	-0.1%	-0.6%	-0.3%	4.6%

Source: Bloomberg as of February 16, 2024

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of February 16, 2024

## Interest Rates (%)

Date	2/16/2024	1/31/2024	12/29/2023	2/16/2023
Federal Funds Rate	5.48%	5.53%	5.60%	4.66%
3 Month Treasury	5.44%	5.42%	5.40%	4.84%
6 Month Treasury	5.31%	5.18%	5.26%	4.98%
2 Year Treasury	4.64%	4.27%	4.23%	4.62%
5 Year Treasury	4.29%	3.91%	3.84%	4.06%
10 Year Treasury	4.30%	3.99%	3.88%	3.86%
30 Year Treasury	4.45%	4.22%	4.03%	3.92%
US Aggregate	4.92%	4.59%	4.53%	4.69%
US Corporate	5.40%	5.11%	5.06%	5.37%
US Corporate High Yield	7.87%	7.80%	7.59%	8.54%
US Municipal	3.44%	3.37%	3.22%	3.46%
US Municipal High Yield	5.64%	5.62%	5.57%	5.67%

## Spreads Over 10-Year US Treasuries

Date	2/16/2024	1/31/2024	12/29/2023	2/16/2023
30 Year Treasury	0.15%	0.23%	0.15%	0.06%
US Aggregate	0.62%	0.60%	0.65%	0.83%
US Corporate	1.10%	1.12%	1.18%	1.51%
US Corporate High Yield	3.57%	3.81%	3.71%	4.68%
US Municipal	-0.86%	-0.62%	-0.66%	-0.40%
US Municipal High Yield	1.34%	1.63%	1.69%	1.81%

Source: Bloomberg and U.S. Treasury as of February 16, 2024

# Equity Markets Overview

- As mentioned, the inflation reports along with mixed corporate earnings put pressure on the equity markets last week. All three major equity indices closed in negative territory with the biggest decline seen in the Nasdaq, which was down 1.3%.
- Fourth quarter corporate earnings continued to come in mixed last week. Crypto exchange Coinbase reported their first profit in two years, while Airbnb, Coca-Cola, Lyft, and ShakeShack also reported positive results. Disappointing results were seen from Roku, Hasbro, and Biogen.
- Tech giant Nvidia will be the focus of earnings reports this week but look for another large slate of corporate earnings including Home Depot, Walmart, Toll Brothers, and Medtronic.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-0.2%	4.8%	9.6%	14.8%
Large-Cap	S&P 500	-0.3%	5.1%	10.1%	15.3%
	S&P 500 Growth	-1.4%	8.0%	7.7%	16.9%
	S&P 500 Value	0.9%	1.9%	12.0%	12.4%
Mid-Cap	S&P Midcap 400	0.7%	1.8%	5.5%	10.4%
	S&P Midcap 400 Growth	1.1%	5.4%	2.9%	10.2%
	S&P Midcap 400 Value	0.4%	-1.9%	7.8%	10.0%
Small-Cap	S&P Smallcap 600	1.3%	-0.8%	2.1%	8.7%
	S&P Smallcap 600 Growth	0.8%	1.0%	-0.2%	9.4%
	S&P Smallcap 600 Value	1.9%	-2.7%	4.2%	7.8%
Int'l.	MSCI ACWI ex-USA	1.6%	0.5%	-0.5%	3.6%
	MSCI EM	2.1%	-0.7%	-8.8%	-0.4%

Source: Bloomberg as of February 16, 2024

# Alternative Markets Overview

- Bitcoin rose back above \$52,000 last week. The market continues to see strong investor demand for the Bitcoin ETFs launched last month.
- The price of gold rose over the past few days due to rising tensions in the Middle East, staying above the key \$2,000.00 price level.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.1%	5.4%	15.7%	6.7%
Gold	-1.3%	-3.9%	3.9%	8.1%
FTSE All Equity NAREIT	-0.1%	-4.4%	2.9%	7.5%
Bitcoin	9.0%	23.4%	-0.2%	38.7%
Ethereum	11.6%	20.7%	15.0%	24.3%

Source: Bloomberg as of February 16, 2024



## Upcoming Week

- Look for the Conference Board's Leading Indicators Index on Tuesday. The report looks at ten various components of economic activity to assess the current stage of the business cycle.
- The minutes from the January FOMC meeting are scheduled for release on Wednesday and Existing Home Sales from the National Association of Realtors will be released on Thursday.

## 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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