



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending December 20, 2024

Last week, the Federal Reserve surprised the markets by citing concerns related to inflation and uncertainty regarding future government policy to justify its hawkish stance on future rate cuts, which led to a significant sell-off in stocks and a rise in bond yields. Despite a modest rate cut of 0.25%, the Fed's projections indicated fewer cuts in 2025 than previously expected. The U.S. economy, however, showed resilience with strong GDP growth and a robust labor market. The S&P 500 and Dow Jones experienced notable declines, but a partial recovery by week's end helped offset some of the losses. Overall, the market volatility highlighted investor concerns over inflation and future monetary policy.

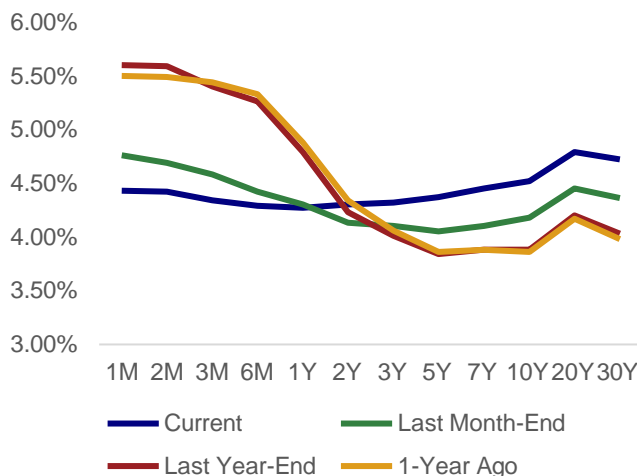
Fixed Income Markets Overview

- U.S. Treasury yields continued to trend upward for a second week, largely due to more hawkish guidance from the Fed's Wednesday meeting. Current expectations for number of potential rate cuts in 2025 fell from four in September to two coming out of Wednesday.
- The yield of the 10-year U.S. Treasury note reached as high as 4.59% on Thursday before retreating to around 4.52 % at Friday's close, its highest level in seven months.
- Mortgage rates ticked up ending the week around 6.7%. Rates remained between 6-7% for much of the year, as participants may be adjusting to higher borrowing rates.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|--------------|----------------------------|-------|-------|----------|----------|
| Short | 1-3 Year Govt/Credit | -0.1% | 4.2% | 1.6% | 1.5% |
| | Core Plus | | | | |
| | Intermediate Govt/Credit | -0.4% | 2.9% | -0.3% | 0.9% |
| | International Aggregate | -0.9% | -1.4% | -4.5% | -1.8% |
| | US Aggregate | -0.7% | 1.3% | -2.4% | -0.3% |
| | US Treasury | -0.6% | 0.6% | -3.0% | -0.7% |
| | US TIPS | -1.0% | 1.7% | -2.0% | 1.8% |
| | US Corporate | -1.0% | 2.2% | -2.2% | 0.4% |
| | US Corporate High Yield | -0.8% | 8.0% | 3.1% | 4.2% |
| Other | Emerging Markets Aggregate | -1.1% | 6.6% | -0.4% | 0.7% |
| Muni | US Municipals | -1.2% | 0.7% | -0.6% | 0.9% |
| | US Municipals High Yield | -1.4% | 5.9% | 0.2% | 2.6% |

Source: Bloomberg as of December 20, 2024

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of December 20, 2024

Interest Rates (%)

| Date | 12/20/2024 | 11/29/2024 | 12/29/2023 | 12/20/2023 |
|-------------------------|------------|------------|------------|------------|
| Federal Funds Rate | 4.43% | 4.76% | 5.60% | 5.50% |
| 3 Month Treasury | 4.34% | 4.58% | 5.40% | 5.44% |
| 6 Month Treasury | 4.29% | 4.42% | 5.26% | 5.33% |
| 2 Year Treasury | 4.30% | 4.13% | 4.23% | 4.34% |
| 5 Year Treasury | 4.37% | 4.05% | 3.84% | 3.86% |
| 10 Year Treasury | 4.52% | 4.18% | 3.88% | 3.86% |
| 30 Year Treasury | 4.72% | 4.36% | 4.03% | 3.98% |
| US Aggregate | 4.90% | 4.64% | 4.53% | 4.59% |
| US Corporate | 5.32% | 5.05% | 5.06% | 5.12% |
| US Corporate High Yield | 7.50% | 7.14% | 7.59% | 7.73% |
| US Municipal | 3.77% | 3.45% | 3.22% | 3.24% |
| US Municipal High Yield | 5.54% | 5.26% | 5.57% | 5.54% |

Spreads Over 10-Year US Treasuries

| Date | 12/20/2024 | 11/29/2024 | 12/29/2023 | 12/20/2023 |
|-------------------------|------------|------------|------------|------------|
| 30 Year Treasury | 0.20% | 0.18% | 0.15% | 0.12% |
| US Aggregate | 0.38% | 0.46% | 0.65% | 0.73% |
| US Corporate | 0.80% | 0.87% | 1.18% | 1.26% |
| US Corporate High Yield | 2.98% | 2.96% | 3.71% | 3.87% |
| US Municipal | -0.75% | -0.73% | -0.66% | -0.62% |
| US Municipal High Yield | 1.02% | 1.08% | 1.69% | 1.68% |

Source: Bloomberg and U.S. Treasury as of December 20, 2024

Equity Markets Overview

- US equities were down for the week, as all three major indices fell by around 2%. The Nasdaq held up the best with a 1.8% loss, while the Dow Jones fell the most with a 2.2% loss.
- All eleven sectors posted a loss for the week. Energy and Real Estate were the biggest losers falling 5.6% and 5%, respectively. Tech stocks held up the best only slipping 0.7% on the week.
- From a size perspective, large cap stocks again held up the best with only a 2.0% loss while mid- and small-cap lost 4.6% and 4.7%, respectively. From a style perspective, growth only outperformed value in large-caps.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|-------------|-------------------------|-------|-------|----------|----------|
| All-Cap | S&P 1500 | -2.2% | 24.9% | 10.4% | 14.4% |
| Large-Cap | S&P 500 | -2.0% | 26.0% | 10.8% | 14.8% |
| | S&P 500 Growth | -1.5% | 37.6% | 9.7% | 17.5% |
| | S&P 500 Value | -2.7% | 12.8% | 10.8% | 10.6% |
| Mid-Cap | S&P Midcap 400 | -4.6% | 14.0% | 7.0% | 10.3% |
| | S&P Midcap 400 Growth | -4.7% | 16.7% | 5.6% | 10.2% |
| | S&P Midcap 400 Value | -4.6% | 11.0% | 8.2% | 10.0% |
| Small-Cap | S&P Smallcap 600 | -4.8% | 9.3% | 4.1% | 8.5% |
| | S&P Smallcap 600 Growth | -4.7% | 10.7% | 2.8% | 8.4% |
| | S&P Smallcap 600 Value | -4.9% | 7.7% | 5.1% | 8.1% |
| Int'l. | MSCI ACWI ex-USA | -3.4% | 4.6% | 1.9% | 4.0% |
| | MSCI EM | -3.1% | 7.1% | -0.9% | 1.8% |

Source: Bloomberg as of December 20, 2024

Alternative Markets Overview

- Oil prices fell across the week on worries about falling demand growth in 2025, especially in top crude importer China.
- Gold prices fell during the week as there was a small selloff following the Federal Reserve's Wednesday meeting. Even after falling 1.1% for the week, gold is still up 27.7% on a YTD basis

| Name | 1W | YTD | 3Y (Ann.) | 5Y (Ann.) |
|------------------------|--------|--------|-----------|-----------|
| S&P GSCI | -1.2% | 7.0% | 10.9% | 6.8% |
| Gold | -1.1% | 27.7% | 13.8% | 12.3% |
| FTSE All Equity NAREIT | -4.7% | 4.1% | -2.9% | 3.4% |
| Bitcoin | -5.2% | 126.6% | 27.0% | 68.0% |
| Ethereum | -12.1% | 49.5% | -4.5% | 93.0% |

Source: Bloomberg as of December 20, 2024



Upcoming Week

- It will be a quiet week with no notable earnings releases and a lighter week for economic releases. We will see some data on Consumer Confidence and Home Sales Monday and weekly labor market data coming 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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