



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending January 3, 2025

Last week, the equity markets experienced some volatility to wrap up the year with major U.S. indices falling several percentage points before a partial recovery rally on Friday offset much of the earlier losses. The markets continued to react to the Federal Reserve's hawkish indication of fewer rate cuts in 2025 than previously expected, which led to a surge in bond yields and a decline in stock prices. The 10-year U.S. Treasury note yield reached its highest level since April. Despite a bumpier than anticipated end of the year for markets, the U.S. economy showed strong third-quarter growth, with GDP increasing at an annual rate of 3.1%. The value of the U.S. dollar also surged relative to other currencies following the Fed's outlook.

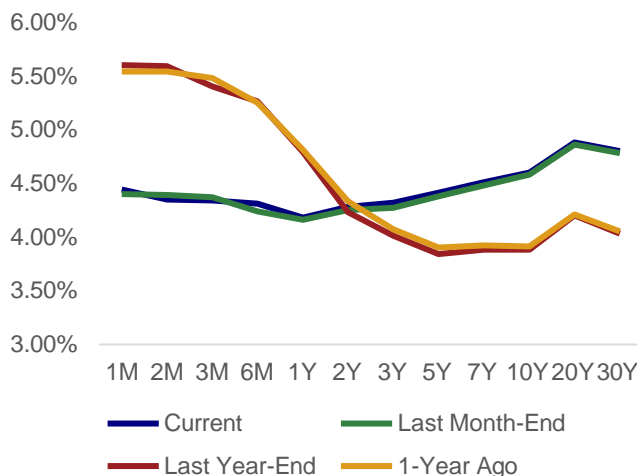
Fixed Income Markets Overview

- Since September, the Fed has cut its policy rate by 1% over three consecutive meetings but indicated increasing likelihood of fewer cuts going forward in 2025.
- After a multi-year period of an inverted yield curve, U.S. Treasury yields normalized in 2024. During 2024, short-term rates (1-Year or less) fell between 63 and 120 basis points, while long-term rates (2-years or longer) rose between 2 and 75 bps.
- Mortgage rates peaked around 7.2% in May, consistently fell to 6.1% until the Federal Reserve's September meeting, and ended the year increasing to 6.9% as markets continue to adjust their interest rate expectations upwards.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.2%	0.0%	1.7%	1.5%
	Core Plus				
Core Plus	Intermediate Govt/Credit	0.2%	0.0%	0.0%	0.8%
	International Aggregate	-0.3%	-0.4%	-4.4%	-2.1%
	US Aggregate	0.2%	-0.1%	-2.2%	-0.5%
	US Treasury	0.2%	-0.1%	-2.6%	-0.8%
	US TIPS	0.1%	-0.2%	-2.2%	1.6%
	US Corporate	0.1%	-0.1%	-1.9%	0.1%
Other	US Corporate High Yield	0.4%	0.3%	3.1%	4.2%
	Other				
Muni	Emerging Markets Aggregate	0.2%	0.1%	-0.3%	0.6%
	Muni				
Muni	US Municipals	0.6%	0.3%	-0.4%	1.0%
	US Municipals High Yield	0.6%	0.3%	0.4%	2.6%

Source: Bloomberg as of January 3, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of January 3, 2025

Interest Rates (%)

Date	1/3/2025	12/31/2024	12/29/2023	1/3/2024
Federal Funds Rate	4.44%	4.40%	5.60%	5.54%
3 Month Treasury	4.34%	4.37%	5.40%	5.48%
6 Month Treasury	4.31%	4.24%	5.26%	5.25%
2 Year Treasury	4.28%	4.25%	4.23%	4.33%
5 Year Treasury	4.41%	4.38%	3.84%	3.90%
10 Year Treasury	4.60%	4.58%	3.88%	3.91%
30 Year Treasury	4.80%	4.78%	4.03%	4.05%
US Aggregate	4.93%	4.91%	4.53%	4.61%
US Corporate	5.36%	5.33%	5.06%	5.17%
US Corporate High Yield	7.39%	7.49%	7.59%	7.90%
US Municipal	3.70%	3.74%	3.22%	3.23%
US Municipal High Yield	5.48%	5.52%	5.57%	5.60%

Spreads Over 10-Year US Treasuries

Date	1/3/2025	12/31/2024	12/29/2023	1/3/2024
30 Year Treasury	0.20%	0.20%	0.15%	0.14%
US Aggregate	0.33%	0.33%	0.65%	0.70%
US Corporate	0.76%	0.75%	1.18%	1.26%
US Corporate High Yield	2.79%	2.91%	3.71%	3.99%
US Municipal	-0.90%	-0.84%	-0.66%	-0.68%
US Municipal High Yield	0.88%	0.94%	1.69%	1.69%

Source: Bloomberg and U.S. Treasury as of January 3, 2025

Equity Markets Overview

- US equities continued their multiweek decline, with all three major indices falling to end the year. The Dow Jones was the biggest loser with a 59-bps decline and the S&P 500 held up best with a 45-bps decline.
- It was a mixed week for sectors with 7 of 11 posting losses. Materials, Consumer Discretionary, and Consumer Staples were the biggest losers falling 2.1%, 1.5%, and 1.4%, respectively. Energy, Utilities, and Real Estate stocks rose 3.2%, 1.3%, and 0.6% over the week.
- From a size perspective, large cap stocks fell while mid- and small-caps each posted gains of 0.5%. From a style perspective, growth outperformed value across all market caps.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-0.4%	1.0%	8.7%	14.3%
Large-Cap	S&P 500	-0.5%	1.0%	9.1%	14.7%
	S&P 500 Growth	-0.3%	1.9%	8.0%	17.4%
	S&P 500 Value	-0.7%	0.3%	9.1%	10.6%
Mid-Cap	S&P Midcap 400	0.5%	1.0%	5.1%	10.6%
	S&P Midcap 400 Growth	0.6%	1.5%	3.9%	10.3%
	S&P Midcap 400 Value	0.4%	0.5%	6.2%	10.5%
Small-Cap	S&P Smallcap 600	0.5%	1.0%	1.9%	8.6%
	S&P Smallcap 600 Growth	0.7%	1.5%	0.7%	8.5%
	S&P Smallcap 600 Value	0.2%	0.4%	2.8%	8.3%
Int'l.	MSCI ACWI ex-USA	-0.7%	-0.2%	0.8%	4.0%
	MSCI EM	-0.8%	-0.1%	-2.0%	1.5%

Source: Bloomberg as of January 3, 2025

Alternative Markets Overview

- Cold weather in Europe and the U.S. plus additional Chinese economic stimulus are expected to help spur demand as oil prices rose for the week and ended the year at their highest levels in over two months.
- Gold posted another modest gain during the week and ended the year with posting a strong gain of 27.5%.
- After a hot start to the year, bitcoin spent most of the year trading sideways. Following the November election, the price proceeded to break through the milestone \$100k price level and ended the year posting a 120% gain.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.0%	0.8%	9.7%	6.9%
Gold	0.9%	0.5%	13.8%	11.3%
FTSE All Equity NAREIT	0.9%	0.4%	-3.9%	3.5%
Bitcoin	4.1%	5.2%	28.9%	68.2%
Ethereum	8.0%	7.9%	-0.9%	93.3%

Source: Bloomberg as of January 3, 2025



Upcoming Week

- This week kicks off Q4 earnings season, which will be a short week as stock markets will close Thursday for the funeral of President Jimmy Carter. Two noteworthy releases from this week include Delta Airlines and Walgreens on Friday.
- It will be a busy week for economic data as we kick off 2025. Important economic releases this week include the ISM services, PMI, unemployment rate, and nonfarm payrolls.

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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