



# Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending February 7, 2025

Last week, equity markets experienced a mix of volatility and resilience as they reacted to tariffs against Mexico and Canada being announced and subsequently delayed. Despite the increased uncertainty from the current administration's trade policies, U.S. and Canadian markets have been resilient with each posting a positive return year-to-date. Despite ongoing uncertainty around trade and tariffs, the U.S. economy continued to demonstrate strength, supported by healthy consumption and corporate earnings growth. The labor market remains robust, with the unemployment rate falling to 4% and wage growth outpacing inflation. However, tariff policy remains a significant overhang, contributing to market volatility and concerns about inflation. Overall, we believe diversification will prove to be a key strategy to navigate the political and economic uncertainties ahead.

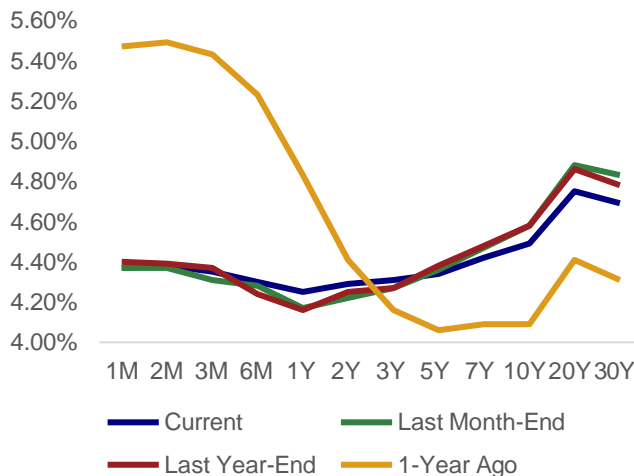
## Fixed Income Markets Overview

- Longer-term bond yields fell slightly, with the yield on the 10-year U.S. Treasury falling for the third week out of the past four. It closed the week around 4.49%, down from a recent high of 4.79% on January 13. Shorter-term bond yields saw a modest lift, with the two-year Treasury yields rising to 4.29% from 4.22% over the week.
- Near-term expectations for potential rate cuts from the Federal Reserve continued to ease, with the probability of a March rate cut dropping to 6% from 19% the previous week. Expectations for one to two 25-basis-point cuts over the remainder of the year remain intact.
- Mortgage rates fell slightly last week, now averaging 6.89%, as rates have hovered around 7% over the last month. Despite higher rates than last year, the last two weeks of purchase applications are modestly above what was seen a year ago, possibly a sign latent demand is returning to the market.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.0%	0.4%	2.2%	1.5%
<b>Core Plus</b>	Intermediate Govt/Credit	0.1%	0.6%	0.7%	0.7%
	International Aggregate	0.5%	1.0%	-3.4%	-1.9%
	US Aggregate	0.4%	0.9%	-1.1%	-0.5%
	US Treasury	0.4%	0.9%	-1.7%	-0.9%
	US TIPS	0.4%	1.7%	-0.5%	1.8%
	US Corporate	0.4%	0.9%	-0.5%	0.0%
	US Corporate High Yield	0.0%	1.4%	4.5%	4.4%
<b>Other</b>	Emerging Markets Aggregate	0.4%	1.5%	1.1%	0.6%
<b>Muni</b>	US Municipals	0.4%	0.9%	0.5%	0.8%
	US Municipals High Yield	0.6%	1.3%	1.5%	2.4%

Source: Bloomberg as of February 7, 2025

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of February 7, 2025

## Interest Rates (%)

Date	2/7/2025	1/31/2025	12/31/2024	2/7/2024
Federal Funds Rate	4.37%	4.37%	4.40%	5.47%
3 Month Treasury	4.35%	4.31%	4.37%	5.43%
6 Month Treasury	4.30%	4.28%	4.24%	5.23%
2 Year Treasury	4.29%	4.22%	4.25%	4.41%
5 Year Treasury	4.34%	4.36%	4.38%	4.06%
10 Year Treasury	4.49%	4.58%	4.58%	4.09%
30 Year Treasury	4.69%	4.83%	4.78%	4.31%
US Aggregate	4.85%	4.86%	4.91%	4.75%
US Corporate	5.30%	5.30%	5.33%	5.24%
US Corporate High Yield	7.25%	7.20%	7.49%	7.79%
US Municipal	3.61%	3.68%	3.74%	3.41%
US Municipal High Yield	5.40%	5.45%	5.52%	5.62%

## Spreads Over 10-Year US Treasuries

Date	2/7/2025	1/31/2025	12/31/2024	2/7/2024
30 Year Treasury	0.20%	0.25%	0.20%	0.22%
US Aggregate	0.36%	0.28%	0.33%	0.66%
US Corporate	0.81%	0.72%	0.75%	1.15%
US Corporate High Yield	2.76%	2.62%	2.91%	3.70%
US Municipal	-0.88%	-0.90%	-0.84%	-0.68%
US Municipal High Yield	0.91%	0.87%	0.94%	1.53%

Source: Bloomberg and U.S. Treasury as of February 7, 2025

## Equity Markets Overview

- It was a down week for US equities as markets reacted to the announcement and subsequent delay of US tariff policies. The S&P 500 held up the best only falling 0.23% while the Nasdaq and Dow Jones fell 0.53% and 0.54%, respectively.
- It was a mixed week from a sector perspective as 5 of the 11 posted losses. Consumer Discretionary, Telecommunications, and Industrials were the biggest losers posting losses of 3.58%, 2.12%, and 0.8%, respectively. Consumer Staples, Real Estate, and Energy led the week posting gains of 1.55%, 1.26%, and 0.99%, respectively.
- From a size perspective, large cap stocks held up better than their mid- and large cap peers, but all three segments posted losses for the week, however mid-caps continue to lead on a YTD basis. As for style, growth outperformed value last week across all size segments. On a YTD basis, growth is outpacing value across all three segments.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>All-Cap</b>	S&P 1500	-0.3%	2.5%	11.7%	14.1%
<b>Large-Cap</b>	S&P 500	-0.2%	2.6%	12.1%	14.4%
	S&P 500 Growth	0.5%	3.2%	12.6%	16.5%
	S&P 500 Value	-1.0%	1.9%	10.4%	10.9%
<b>Mid-Cap</b>	S&P Midcap 400	-1.0%	2.8%	8.7%	11.1%
	S&P Midcap 400 Growth	-0.4%	3.3%	8.5%	10.6%
	S&P Midcap 400 Value	-1.6%	2.3%	8.7%	11.1%
<b>Small-Cap</b>	S&P Smallcap 600	-1.2%	1.7%	5.5%	9.1%
	S&P Smallcap 600 Growth	-0.4%	3.5%	5.7%	8.8%
	S&P Smallcap 600 Value	-1.9%	-0.1%	5.0%	9.1%
<b>Int'l.</b>	MSCI ACWI ex-USA	0.6%	4.7%	3.2%	5.2%
	MSCI EM	1.4%	3.2%	-0.6%	2.8%

Source: Bloomberg as of February 7, 2025

## Alternative Markets Overview

- Oil prices rose at the end of the week due to new U.S. sanctions on Iran's crude exports, but overall, prices declined for the third straight week amid concerns over trade tensions and President Trump's pledge to increase U.S. oil production.
- Gold prices rose for the sixth consecutive week of gains, breaking above the \$2.9k price level at one point, as escalating trade tensions between the U.S. and may be driving investors to seek refuge in the safe-haven asset.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.3%	3.6%	6.0%	10.6%
Gold	1.9%	9.3%	16.6%	12.9%
FTSE All Equity NAREIT	1.2%	2.2%	-0.4%	3.2%
Bitcoin	-5.8%	2.5%	29.4%	58.0%
Ethereum	-21.9%	-22.4%	-6.3%	63.9%

Source: Bloomberg as of February 7, 2025



### Upcoming Week

- The 4th quarter earnings season approaches its halfway mark, and key companies reporting this week include McDonald's, Cisco Systems, and Roku.
- As for economic data, this week brings releases related to Inflation with CPI (Weds.) and PPI (Thurs.), Jobless Claims (Thurs.), Retail Sales (Fri.), and Industrial Production (Fri.).

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## 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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