



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending January 17, 2025

Last week was a strong positive week for most asset classes, with particularly strong returns for US equities and Bitcoin. The benchmark 10-year Treasury yield briefly reached a 14-month high of 4.8% before retreating due to encouraging inflation data, with core CPI unexpectedly edging lower. Despite strong economic growth and policy uncertainty, the Federal Reserve showed no urgency to cut rates further, leading investors to scale back their expectations for rate cuts this year. The start of the earnings season highlighted the influence of corporate profits on stock market performance, with banks reporting strong results. Overall, the markets saw a mix of volatility and positive momentum, driven by economic and corporate strength.

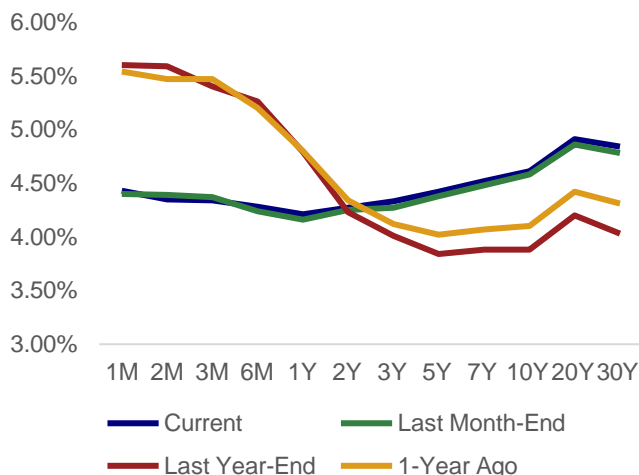
Fixed Income Markets Overview

- Government bond yields fell for almost all maturities following the promising inflation data and expectations increasing the Federal Reserve may not cut rates as much as previously expected. Without the Federal Reserve resuming a tightening policy, yields may not rise much further from their current levels.
- Expectations around future potential rate cuts from the Fed have diminished since the rate cutting cycle began. In September 2024, 10 rate cuts by the end of 2025 were expected, which has since fallen to only 1 for the remainder of the year.
- Mortgage rates have risen for the fifth week in a row, surpassing seven percent for the first time since May 2024, driven by the strong economy.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.3%	0.2%	1.9%	1.5%
Core Plus	Intermediate Govt/Credit	0.6%	0.1%	0.2%	0.8%
	International Aggregate	0.9%	-0.4%	-4.3%	-2.0%
	US Aggregate	1.0%	0.0%	-1.8%	-0.4%
	US Treasury	0.8%	0.0%	-2.3%	-0.8%
	US TIPS	0.9%	0.5%	-1.3%	1.9%
	US Corporate	1.1%	0.0%	-1.5%	0.1%
	US Corporate High Yield	0.8%	0.8%	3.5%	4.2%
Other	Emerging Markets Aggregate	0.7%	0.2%	0.4%	0.5%
Muni	US Municipals	0.3%	-0.3%	-0.3%	0.7%
	US Municipals High Yield	0.7%	-0.3%	0.4%	2.3%

Source: Bloomberg as of January 17, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of January 17, 2025

Interest Rates (%)

Date	1/17/2025	12/31/2024	12/29/2023	1/17/2024
Federal Funds Rate	4.43%	4.40%	5.60%	5.54%
3 Month Treasury	4.34%	4.37%	5.40%	5.47%
6 Month Treasury	4.28%	4.24%	5.26%	5.20%
2 Year Treasury	4.27%	4.25%	4.23%	4.34%
5 Year Treasury	4.42%	4.38%	3.84%	4.02%
10 Year Treasury	4.61%	4.58%	3.88%	4.10%
30 Year Treasury	4.84%	4.78%	4.03%	4.31%
US Aggregate	4.94%	4.91%	4.53%	4.72%
US Corporate	5.38%	5.33%	5.06%	5.24%
US Corporate High Yield	7.29%	7.49%	7.59%	7.91%
US Municipal	3.80%	3.74%	3.22%	3.38%
US Municipal High Yield	5.55%	5.52%	5.57%	5.67%

Spreads Over 10-Year US Treasuries

Date	1/17/2025	12/31/2024	12/29/2023	1/17/2024
30 Year Treasury	0.23%	0.20%	0.15%	0.21%
US Aggregate	0.33%	0.33%	0.65%	0.62%
US Corporate	0.77%	0.75%	1.18%	1.14%
US Corporate High Yield	2.68%	2.91%	3.71%	3.81%
US Municipal	-0.81%	-0.84%	-0.66%	-0.72%
US Municipal High Yield	0.94%	0.94%	1.69%	1.57%

Source: Bloomberg and U.S. Treasury as of January 17, 2025

Equity Markets Overview

- US equities posted an extremely strong week ending their recent skid. All three major indices posted gains for the week. The Dow Jones led the pack with a 3.7% gain, followed by the S&P 500's 2.9% and the Nasdaq's 2.5%.
- All 11 sectors of the S&P 500 were positive for the week. Energy, Financials, and Materials sectors led the way posting gains over 6%. Healthcare brought up the rear as the only sector with less than a 1% gain, rising only 0.3% for the week.
- From a size perspective, mid-cap stocks won the week just edging out small caps with large cap stocks bringing up the rear posting a respectable 2.9% gain. In terms of style performance, value stocks outpaced their growth counterparts across all market cap sizes.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	3.0%	2.1%	10.1%	13.9%
Large-Cap	S&P 500	2.9%	2.0%	10.5%	14.3%
	S&P 500 Growth	2.7%	2.4%	10.4%	16.5%
	S&P 500 Value	3.2%	1.7%	9.3%	10.6%
Mid-Cap	S&P Midcap 400	4.5%	3.9%	6.9%	10.8%
	S&P Midcap 400 Growth	4.4%	4.2%	6.8%	10.5%
	S&P Midcap 400 Value	4.7%	3.5%	6.9%	10.7%
Small-Cap	S&P Smallcap 600	4.4%	2.4%	3.1%	8.5%
	S&P Smallcap 600 Growth	4.2%	3.1%	2.8%	8.2%
	S&P Smallcap 600 Value	4.5%	1.8%	3.1%	8.4%
Int'l.	MSCI ACWI ex-USA	1.7%	0.7%	0.8%	3.9%
	MSCI EM	1.3%	-0.4%	-2.6%	1.0%

Source: Bloomberg as of January 17, 2025

Alternative Markets Overview

- Oil prices posted their fourth consecutive weekly gains as the latest U.S. sanctions on Russian energy trade added to worries about oil supply disruptions.
- Gold prices were up for the third consecutive week despite inflation data, likely a reflection of uncertainty surrounding the impacts of President-elect Trump's upcoming term from a policy perspective.
- Bitcoin posted a strong gain of 10.7% for the week ending the week just under the \$105k price level, likely due to bullish attitudes surrounding President Trump's inauguration and his pro-crypto sentiment.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	1.7%	6.1%	9.4%	8.9%
Gold	1.6%	5.1%	15.1%	12.1%
FTSE All Equity NAREIT	4.4%	0.4%	-2.4%	2.9%
Bitcoin	10.7%	12.2%	35.5%	63.9%
Ethereum	7.6%	5.2%	2.0%	83.4%

Source: Bloomberg as of January 17, 2025



Upcoming Week

- Despite the short week it will be a packed week of earnings releases. Notable releases this week include Netflix, GE Vernova, and American Express.
- Similarly, there will be a variety of important economic releases coming this week. We will be monitoring the Conference Board's leading economic index (Wednesday), jobless claims (Thursday), and Consumer Sentiment, Home Sales, and S&P Global PMI data (Friday).

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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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