Sage Advisors

Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending February 21, 2025

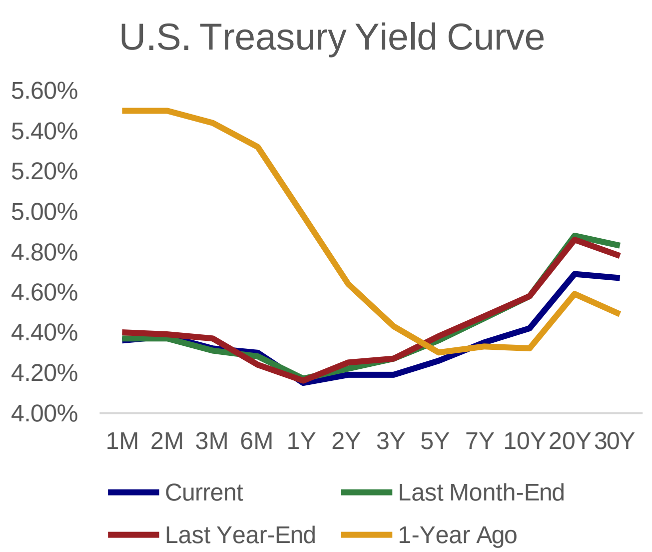
Last week was mixed for capital markets. US equity markets initially crept upward, with the S&P 500 and Nasdaq posting new all-time highs in the first half of the week. However, weaker than expected retail spending data led to all three major US indices posting losses for the week. Two trends we are monitoring to begin this year include: 1.) U.S. mega-cap technology stocks are lagging the broader market after their recent dominance in 2023 and 2024; and 2.) International equities, largely driven by European markets, are outperforming their U.S. counterparts. Despite some weak economic releases, Treasury yields continue to stabilize after rising for much of September 2024 – January 2025. Last week rates slightly eased falling between 0-8 basis points. Overall, markets displayed a combination of optimism and caution, highlighting the importance of diversification across sectors and regions.

Fixed Income Markets Overview

- Treasury yields dipped slightly last week following some weakening economic releases, including S&P Services PMI contracting for the first time in 25 months, Consumer Sentiment reaching its lowest reading since November 2023, and the NAHB Housing Market Index continuing to indicate poor housing market conditions and reaching a 5-month low.
- Near-term expectations for potential rate cuts from the Federal Reserve remain steady. Probabilities suggest the next rate cut will occur in September with expectations for one to two 25-basis-point cuts over the remainder of the year.
- Mortgage rates fell slightly again last week to 6.85%. Rates may be showing some signs of stabilizing as the 30-year rate has spent the last 5 weeks hovering just under 7%. Stabilizing rates could be positive sign for buyers and sellers heading into Spring.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.2%	0.7%	2.4%	1.5%
Core Plus	Intermediate Govt/Credit	0.3%	1.1%	1.0%	0.8%
	International Aggregate	0.1%	1.6%	-3.0%	-1.8%
	US Aggregate	0.3%	1.5%	-0.7%	-0.5%
	US Treasury	0.3%	1.3%	-1.4%	-1.0%
	US TIPS	0.3%	2.1%	-0.4%	1.8%
	US Corporate	0.3%	1.5%	0.2%	0.0%
	US Corporate High Yield	0.0%	1.6%	5.0%	4.3%
Other	Emerging Markets Aggregate	0.1%	1.8%	1.5%	0.5%
Muni	US Municipals	0.2%	0.9%	0.9%	0.7%
	US Municipals High Yield	0.3%	1.4%	1.9%	2.2%

Source: Bloomberg as of February 21, 2025



Source: Bloomberg and U.S Treasury as of February 21, 2025

Interest Rates (%)

Date	2/21/2025	1/31/2025	12/31/2024	2/21/2024
Federal Funds Rate	4.36%	4.37%	4.40%	5.50%
3 Month Treasury	4.32%	4.31%	4.37%	5.44%
6 Month Treasury	4.30%	4.28%	4.24%	5.32%
2 Year Treasury	4.19%	4.22%	4.25%	4.64%
5 Year Treasury	4.26%	4.36%	4.38%	4.30%
10 Year Treasury	4.42%	4.58%	4.58%	4.32%
30 Year Treasury	4.67%	4.83%	4.78%	4.49%
US Aggregate	4.77%	4.86%	4.91%	4.96%
US Corporate	5.22%	5.30%	5.33%	5.40%
US Corporate High Yield	7.23%	7.20%	7.49%	7.90%
US Municipal	3.64%	3.68%	3.74%	3.43%
US Municipal High Yield	5.49%	5.45%	5.52%	5.63%

Spreads Over 10-Year US Treasuries

Date	2/21/2025	1/31/2025	12/31/2024	2/21/2024
30 Year Treasury	0.25%	0.25%	0.20%	0.17%
US Aggregate	0.35%	0.28%	0.33%	0.64%
US Corporate	0.80%	0.72%	0.75%	1.08%
US Corporate High Yield	2.81%	2.62%	2.91%	3.58%
US Municipal	-0.78%	-0.90%	-0.84%	-0.89%
US Municipal High Yield	1.07%	0.87%	0.94%	1.31%

Source: Bloomberg and U.S. Treasury as of February 21, 2025

Equity Markets Overview

- After starting off the week with a positive trend, all three major US equity indices ended the week in negative territory following some underwhelming economic releases. The S&P 500 held up best only retreating 1.6%, while both the Nasdaq and Dow Jones each fell around 2.5%.
- Sectors were split as 6 posted losses and 5 gains for the week. Consumer Discretionary, Telecommunications, and Industrials were the biggest losers falling 4.3%, 3.7%, and 2.1%, respectively. Utilities, Healthcare, and Energy led the week posting gains of 1.4 %, 1.1%, and 1.1%, respectively.
- From a size perspective, large cap stocks held up better than their mid- and small cap peers. Large cap stocks have posted a 2.4% gain to start the year, while mid- and small caps have lost 1.5% and 2%, respectively. As for style, value held up better than growth stocks across all three size segments.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-1.7%	2.2%	12.6%	13.9%
Large-Cap	S&P 500	-1.6%	2.4%	13.1%	14.3%
	S&P 500 Growth	-3.0%	1.9%	13.7%	16.1%
	S&P 500 Value	-0.1%	3.0%	11.4%	11.0%
Mid-Cap	S&P Midcap 400	-3.0%	-0.5%	7.4%	10.0%
	S&P Midcap 400 Growth	-4.0%	-1.5%	7.1%	9.0%
	S&P Midcap 400 Value	-1.9%	0.6%	7.5%	10.5%
Small-Cap	S&P Smallcap 600	-3.6%	-2.0%	3.8%	8.1%
	S&P Smallcap 600 Growth	-4.2%	-1.4%	4.0%	7.5%
	S&P Smallcap 600 Value	-2.8%	-2.5%	3.5%	8.4%
Int'l.	MSCI ACWI ex-USA	0.4%	7.4%	4.5%	5.9%
	MSCI EM	2.0%	6.9%	0.6%	3.6%

Source: Bloomberg as of February 21, 2025

Alternative Markets Overview

- Oil prices declined for the fifth straight as investors grappled with the potential implications of peace deals in both the Middle East and Ukraine.
- After setting a new ATH Thursday and experiencing downside price action due to profit-taking on Friday, gold posted its eight consecutive weekly gain as it continues its recent strong performance. Many speculate the continuation of last year's trends are driven by strong demand for quality assets due to concerns over U.S. President Donald Trump's tariff plans.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.1%	4.8%	5.9%	10.1%
Gold	1.8%	11.8%	15.8%	12.4%
FTSE All Equity NAREIT	0.3%	2.7%	0.8%	2.4%
Bitcoin	-2.4%	1.6%	35.4%	57.7%
Ethereum	-3.7%	-21.2%	-2.0%	58.4%

Source: Bloomberg as of February 21, 2025

Upcoming Week

- As 4th quarter earnings season begins to approach its end, key companies reporting this week include Home Depot, Nvidia, and Salesforce.
- Important economic releases this week include housing market data (Mortgage Applications and New Home Sales) on Wednesday, Q4 GDP and Durable Goods Orders on Thursday, as well as Personal Income and Spending releases on Friday.

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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