



February 1, 2024

## Stock Market Indices Set New All-Time Highs in January

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### Monthly Market Summary

The S&P 500 Index gained +1.6% in January, while the Russell 2000 small cap stock index traded down by -3.9%. Five of the eleven S&P 500 sectors traded higher. Communication Services, Financials, and Health Care each outperformed the S&P 500, while Real Estate, Consumer Discretionary, and Materials traded lower.

Corporate investment-grade bonds produced a -0.4% total return as Treasury yields rose, slightly underperforming corporate high-yield's +0.1% total return.

International stocks traded lower and underperformed U.S. stocks. The MSCI EAFE Index of developed market stocks returned -0.5%, while the MSCI Emerging Market Index traded lower by -4.5%.

### Stocks Trade Higher in January, Propelled By Continued Mega-Cap Strength

Stocks traded higher to start the new year, with the S&P 500, NASDAQ 100, and Dow Jones Industrial Average each setting new all-time highs. In continuation of last year's trend, the companies with the biggest market caps accounted for a substantial portion of the early-year gains. This leadership can be seen in the January returns of various factors, including the Russell 1000 Growth's +2.4% return and the NASDAQ 100's +1.8% return. In contrast, smaller companies traded lower, with the Russell 2000 underperforming the S&P 500 by -5.5%. Bonds produced flat returns after a robust Q4, when Treasury yields fell in anticipation of rate cuts by the Federal Reserve. When could the first interest rate cut arrive? The section below provides an update on monetary policy after the Federal Reserve's January meeting.

### Federal Reserve Pushes Back the Timeline for Interest Rate Cuts

The Federal Reserve held interest rates steady at its January meeting and hinted that rate hikes are finished for the current tightening cycle. While both actions were expected, the post-meeting statement confused the market. The central bank stated that it wants further confirmation that inflation will return to the 2% target before cutting interest rates. Investors were surprised by the statement after seeing inflationary pressures ease over the past six months and assuming interest rates didn't need to stay at current levels. What more does the Fed want to see? Fed Chair Powell wasn't clear, although he reiterated that inflation is moving in the right direction.

The future path of interest rates remains uncertain after the January meeting and press conference. The Fed's statement provides it with maximum flexibility to adjust monetary policy as needed, cutting rates if inflation continues lower but keeping rates at current levels if inflation proves stickier than expected. What is clear is the Fed's desire to cut interest rates this year as a proactive measure to support the economy. It's simply a question of when and by how much the central bank will cut interest rates. Investors and economists have been anxiously awaiting the Fed's next steps, but it appears they will be waiting for at least a few more months.

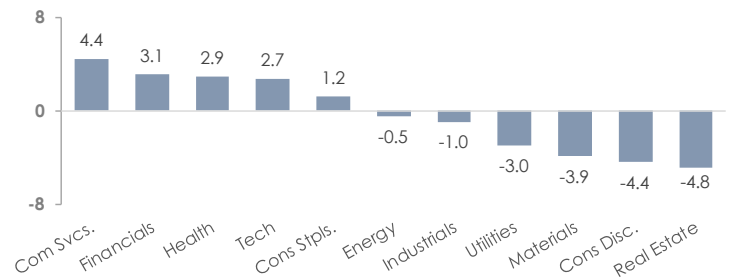
## THIS MONTH IN NUMBERS

**FIGURE 1**  
**U.S. Style Returns (January in %)**

	Value	Blend	Growth
Large	0.1	1.6	2.4
Mid	-1.8	-1.4	-0.6
Small	-4.6	-3.9	-3.1

Data Reflects Most Recently Available As of 1/31/2024

**FIGURE 2**  
**U.S. Sector Returns (January in %)**



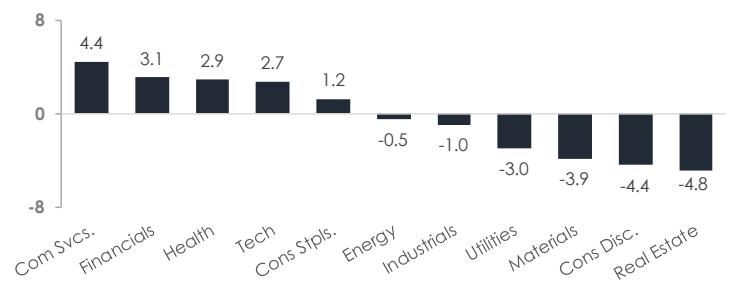
Data Reflects Most Recently Available As of 1/31/2024

**FIGURE 3**  
**U.S. Style Returns (YTD in %)**

	Value	Blend	Growth
Large	0.1	1.6	2.4
Mid	-1.8	-1.4	-0.6
Small	-4.6	-3.9	-3.1

Data Reflects Most Recently Available As of 1/31/2024

**FIGURE 4**  
**U.S. Sector Returns (YTD in %)**



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**FIGURE 5**  
**Market Data Center**

Stocks	1 month	3 months	6 months	YTD	1 year	3 years	Dividend Yield	NTM P/E	P/B
S&P 500	1.6%	15.9%	6.2%	1.6%	20.4%	35.5%	1.37%	20.2x	4.5x
Dow Jones	1.3%	15.9%	8.2%	1.3%	13.9%	33.5%	1.77%	17.8x	4.7x
Russell 2000	-3.9%	17.7%	-2.1%	-3.9%	2.1%	-2.6%	1.40%	21.8x	1.8x
Russell 1000 Growth	2.4%	18.7%	9.5%	2.4%	34.7%	32.1%	0.60%	27.4x	11.8x
Russell 1000 Value	0.1%	13.6%	2.4%	0.1%	5.8%	29.0%	2.02%	15.2x	2.4x
MSCI EAFE	-0.5%	13.5%	2.0%	-0.5%	8.0%	12.8%	2.99%	13.6x	1.8x
MSCI EM	-4.5%	6.6%	-6.7%	-4.5%	-4.6%	-22.4%	2.76%	11.6x	1.6x
NASDAQ 100	1.8%	19.1%	9.1%	1.8%	42.4%	34.6%	0.56%	26.0x	7.3x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years	Commodities	Level	1 month	YTD
U.S. Aggregate	4.59%	-0.2%	8.3%	-0.2%	2.0%	-9.2%	Oil (WTI)	75.85	5.9%	5.9%
U.S. Corporates	5.21%	-0.4%	12.3%	-0.4%	3.4%	-10.7%	Gasoline	2.27	10.0%	10.0%
Municipal Bonds	3.86%	0.0%	8.1%	0.0%	3.0%	-1.7%	Natural Gas	2.10	-9.8%	-9.8%
High Yield Bonds	7.96%	0.1%	8.3%	0.1%	7.3%	2.7%	Propane	0.81	19.7%	19.7%
							Ethanol	1.52	-6.3%	-6.3%
							Gold	2,067	-0.2%	-0.2%
							Silver	23.17	-3.8%	-3.8%
							Copper	3.90	0.6%	0.6%
							Steel	865	-23.8%	-23.8%
							Com	4.48	-4.9%	-4.9%
							Soybeans	12.25	-4.9%	-4.9%

Key Rates	1/31/2024	12/31/2023	10/31/2023	7/31/2023	1/31/2023	1/31/2021
2 yr Treasury	4.22%	4.25%	5.06%	4.86%	4.21%	0.12%
10 yr Treasury	3.95%	3.88%	4.90%	3.95%	3.53%	1.09%
30 yr Treasury	4.19%	4.03%	5.06%	4.02%	3.66%	1.85%
30 yr Mortgage	6.96%	6.99%	8.06%	7.26%	6.47%	2.88%
Prime Rate	8.50%	8.50%	8.50%	8.50%	7.50%	3.25%

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