

# Weekly Market Recap

## The week in review

- Job openings declined to 8.79M in Nov.
- Nonfarm payrolls increased 216K
- Wages grew 4.1% y/y and 0.4% m/m

## The week ahead

- CPI
- PPI

## Thought of the week

After moving sideways during the first half of 2023, the dollar continued its decline to end 2% down in 2023 (now -11% from its October 2022 peak). In fact, it depreciated against almost every major DM currency except the Japanese yen. After over 10 years of dollar strength, could this be the start of a new cycle? History suggests the dollar tends to move in multi-year cycles, with long periods of weakness following extended periods of strength. Dollar movements are driven by interest rate and growth differentials and sentiment in the short term, but by current account balances over the long term.

There are many factors that could put downward pressure on the dollar in 2024 and beyond. The Fed is likely to cut first out of the DM central banks, whereas others are expected to stay on pause for longer or even raise rates. In addition, with the end of negative interest rates in Europe and most likely Japan, interest rate differentials between the U.S. and other DMs will likely not be as wide as they were in the post-GFC period. Regarding growth, consumer spending, the bedrock of the U.S. economy, is set to slow after hitting what was likely a high-water mark in 3Q. Over the long term, the increasing current account deficit and federal debt also suggest further USD depreciation. At the same time, elevated geopolitical risks and any upward surprises in inflation could interrupt its path downward.

For investors, a weaker dollar increases the opportunity for international equities and internationally exposed U.S. companies to perform well. Even after a year of strong U.S. outperformance, investors should avoid recency bias by ensuring their equity portfolios are properly diversified across different regions.

Please see important disclosures on next page.

## Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	4697	-1.50	-1.50	-1.50	25.39	32.11
Dow Jones 30	37466	-0.56	-0.56	-0.56	16.25	31.03
Russell 2000	4849	-3.73	-3.73	-3.73	13.07	2.61
Russell 1000 Growth	1963	-2.71	-2.71	-2.71	41.72	26.68
Russell 1000 Value	1002	-0.34	-0.34	-0.34	10.62	29.14
MSCI EAFE	2208	-1.26	-1.26	-1.26	16.29	11.94
MSCI EM	1002	-2.09	-2.09	-2.09	4.92	-17.12
NASDAQ	14524	-3.23	-3.23	-3.23	42.12	15.98

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.72	-1.20	-1.20	-1.20	3.45	-10.43
U.S. Corporates	5.28	-1.54	-1.54	-1.54	5.95	-10.33
Municipals (10yr)	2.80	-0.26	-0.26	-0.26	5.06	-0.59
High Yield	8.14	-1.12	-1.12	-1.12	10.93	4.86

Key Rates	Levels (%)					
	1/5/24	12/29/23	12/29/23	12/29/23	1/5/23	1/5/21
2-yr U.S. Treasuries	4.40	4.23	4.23	4.23	4.45	0.13
10-yr U.S. Treasuries	4.05	3.88	3.88	3.88	3.71	0.96
30-yr U.S. Treasuries	4.21	4.03	4.03	4.03	3.78	1.70
10-yr German Bund	2.13	2.00	2.00	2.00	2.33	-0.59
SOFR	5.32	5.38	5.38	5.38	4.31	0.11
3-mo. EURIBOR	3.94	3.91	3.91	3.91	2.18	-0.55
6-mo. CD rate	N/A	2.23	2.23	2.23	1.80	0.25
30-yr fixed mortgage	6.76	6.76	6.76	6.76	6.58	2.86
Prime Rate	8.50	8.50	8.50	8.50	7.50	3.25

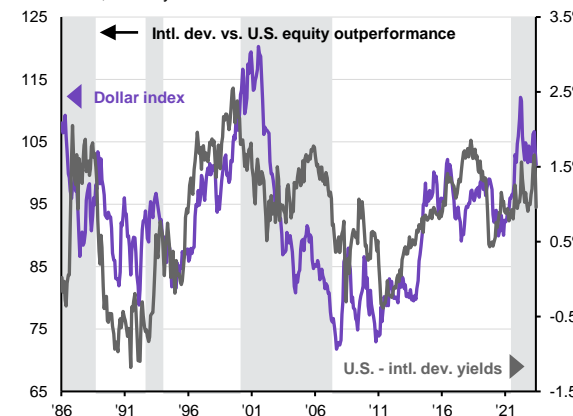
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
19.21	4.31	1.45	39430
17.54	4.71	N/A	11505
21.22	1.76	1.40	2417
25.66	11.18	0.70	23034
14.89	2.39	2.25	20101
13.23	1.74	3.04	15977
11.72	1.60	2.90	6917
25.81	5.66	0.75	23536

Currencies	Levels		
	1/5/24	12/29/23	1/5/23
\$ per €	1.10	1.10	1.05
\$ per £	1.28	1.27	1.19
¥ per \$	144.14	140.98	133.88

Commod.	Levels		
	1/5/24	12/29/23	1/5/23
Oil (WTI)	72.14	71.89	73.61
Gasoline	3.09	3.12	3.22
Natural Gas	2.82	2.52	3.78
Gold	2056	2078	1834
Silver	22.98	23.79	23.41
Copper	8347	8476	8420
Corn	6.10	6.10	5.88
BBG Idx	226.64	226.43	234.20

## Chart of the Week

The U.S. dollar tends to move in multi-year cycles  
DXY Index, monthly



## Style Returns

	V	B	G
L	-0.3	-1.5	-2.7
M	-1.6	-2.2	-3.4
S	-3.3	-3.7	-4.2

## S&P 500 Sector Returns

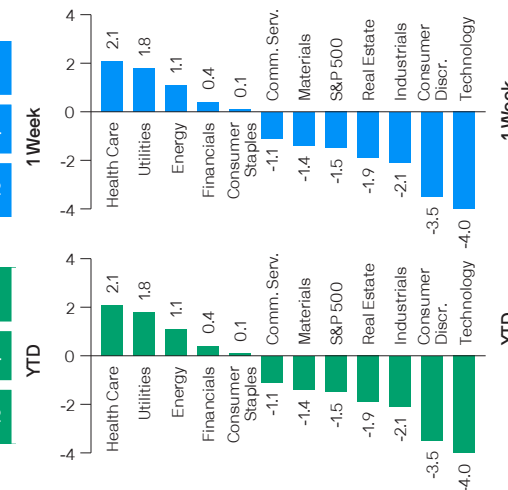




Chart of the Week: Source: Bank of Canada, FactSet, FRED, MSCI, OECD, Standard & Poor's, JPMAM. The DXY Index is a nominal trade-weighted index of major trading partners' currencies. The yield is calculated as a GDP-weighted average of the 10-year government bond yields of Australia, Canada, France, Germany, Italy, Japan, Switzerland and the UK. Intl. dev. = MSCI EAFE Index, U.S. = S&P 500 Index.

Thought of the week: Source: Bank of Canada, FactSet, FRED, MSCI, OECD, Standard & Poor's, JPMAM.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-

up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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