

Weekly Market Recap

The week in review

- Case-Shiller home prices rose 4.9% y/y
- Initial claims rose to 218k
- Pending home sales remained flat m/m

The week ahead

- Job openings
- Nonfarm payrolls

Thought of the week

2023 market returns presented a mirror image to the declines of 2022. Despite recession fears stoked by tight monetary policy, banking sector hiccups and elevated geopolitical tensions, all asset classes, save one, experienced positive returns.

U.S. Large Cap stocks led the rebound with a 26.3% return, as AI enthusiasm propelled mega-cap tech stocks to lofty valuations. Small Cap stocks nearly kept pace, climbing 16.9%, reflecting resilient domestic consumption and beaten-down initial valuations. Turning to international markets, DM equities outperformed their EM counterparts. Corporate governance reforms in Japan, better-than-expected progress on inflation in Europe and resilient earnings boosted DM equities to a 18.9% gain. On the other hand, EM equities ended the year with a 10.3% gain as the downturn in China offset strong gains in Taiwan, India and Korea. Within fixed income, high yield bonds defied expectations, posting a healthy 14.0% return, driven by resilient fundamentals among the underlying securities and an only a moderate increase in default rates. Meanwhile, the broader bond market rallied late in the year, with the U.S. Agg. up 5.5% as investors were comforted by the Fed's dovish shift. Within alternatives, REITs rebounded to a 11.4% gain on the back of strong demand for data centers and hopes for lower long-term rates. Cash, while posting a multi-decade high return of 5.1%, lagged other assets to finish near the bottom of the performance charts. Finally, in a stark reversal from 2022, commodities fell by 7.9%, ending the year as the poorest performer partly due to weaker demand growth from China.

For investors, the whipsaw in relative returns from 2022 to 2023 underscores the value of thoughtful active management.

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	4770	0.34	11.69	26.29	25.97	34.16
Dow Jones 30	37690	0.81	13.09	16.18	15.93	32.04
Russell 2000	5038	-0.28	14.03	16.93	16.60	7.70
Russell 1000 Growth	2018	0.10	14.16	42.68	42.31	29.30
Russell 1000 Value	1006	0.57	9.50	11.46	11.21	30.71
MSCI EAFE	2236	1.17	10.47	18.85	18.15	13.62
MSCI EM	1024	3.25	7.93	10.27	10.14	-11.79
NASDAQ	15011	0.14	13.79	44.64	44.48	19.58

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.53	0.48	6.82	5.53	5.28	-9.47
U.S. Corporates	5.06	0.65	8.50	8.52	8.29	-9.28
Municipals (10yr)	2.74	0.15	7.47	5.78	5.77	-0.21
High Yield	7.80	0.40	7.16	13.44	13.49	6.16

Key Rates	Levels (%)					
	12/29/23	12/22/23	9/29/23	12/30/22	12/29/22	12/29/20
2-yr U.S. Treasuries	4.23	4.31	5.03	4.41	4.34	0.12
10-yr U.S. Treasuries	3.88	3.90	4.59	3.88	3.83	0.94
30-yr U.S. Treasuries	4.03	4.05	4.73	3.97	3.92	1.67
10-yr German Bund	2.00	1.96	2.82	2.53	2.49	-0.58
SOFR	5.40	5.32	5.31	4.30	4.30	0.10
3-mo. EURIBOR	3.91	3.93	3.95	2.13	2.18	-0.54
6-mo. CD rate	N/A	2.21	N/A	1.80	1.80	N/A
30-yr fixed mortgage	6.83	6.83	N/A	6.58	6.42	2.90
Prime Rate	8.50	8.50	N/A	7.50	7.50	3.25

Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
19.51	4.38	1.43	40039	
17.63	4.75	N/A	11731	
21.90	1.83	1.35	2508	
26.46	11.51	0.68	23677	
14.92	2.39	2.24	20179	
13.28	1.75	3.04	16182	
11.92	1.62	2.90	7067	
26.76	5.84	0.72	24329	

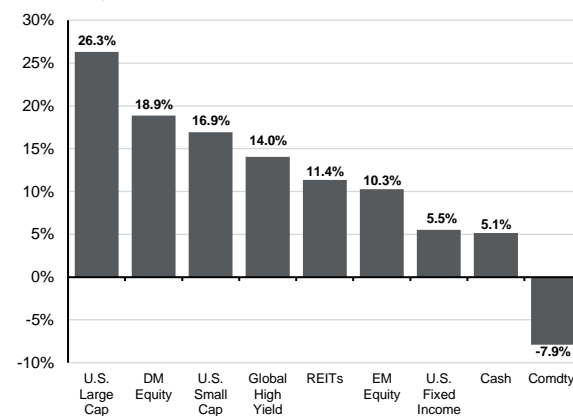
Currencies	Levels		
	12/29/23	12/30/22	12/29/22
\$ per €	1.10	1.07	1.07
\$ per £	1.27	1.20	1.21
¥ per \$	140.98	131.95	133.23

Commod.	Levels		
	12/29/23	12/30/22	12/29/22
Oil (WTI)	71.78	80.16	78.43
Gasoline	3.12	3.09	3.09
Natural Gas	2.56	3.52	3.78
Gold	2078	1814	1814
Silver	23.79	23.95	23.86
Copper	8476	8387	8395
Corn	6.10	6.14	6.15
BBG Idx	226.43	245.89	244.96

Chart of the Week

2023 asset class returns

Total return, U.S. dollar



Style Returns

	V	B	G
L	0.6	0.3	0.1
M	0.4	0.3	0.2
S	-0.4	-0.3	-0.1
L	11.5	26.3	42.7
M	12.7	17.2	25.9
S	14.6	16.9	18.7

S&P 500 Sector Returns

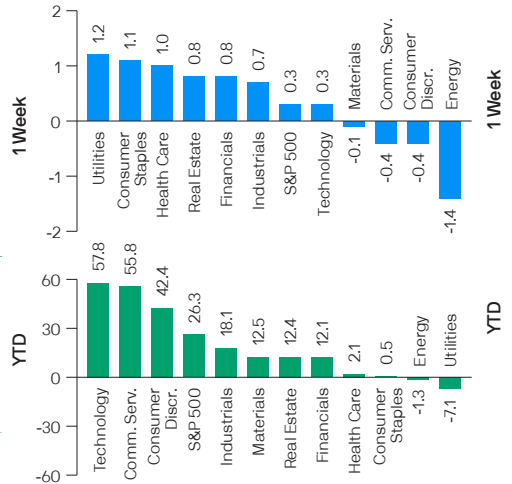




Chart of the Week: Source: Bloomberg, FactSet, MSCI, NAREIT, FTSE Russell, Standard and Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: Bloomberg, FactSet, MSCI, NAREIT, FTSE Russell, Standard and Poor's, J.P. Morgan Asset Management.

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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