WEEKLY MARKET UPDATE | JANUARY 3, 2025

U.S. stocks see holiday-shortened weakness.

The economy

- Despite a late-week rally, major U.S. equity market indexes moved lower during the holiday-shortened week ending January 3, due mainly to a downturn in the technology sector. The U.S. financial markets were closed on Wednesday in observance of the New Year's Day holiday.
- The U.S. labor market remains resilient. The Department of Labor reported that initial unemployment insurance (UI) claims, a barometer of the health of the labor market, fell by 9,000 to a lower-than-expected total of 211,000 during the week ending December 28, but were significantly higher than the 198,000 claims filed during the same week in 2023. The four-week moving average of initial UI claims declined by 2,500 week-over-week to 223,250, but was up 17,500 from the four-week average of 205,750 a year earlier.
- There was notable news this week regarding the U.S. housing market. The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, a composite of single-family home price indexes for the nine U.S. Census Bureau geographical divisions, dipped 0.2% month-over-month in October (the most recent reporting period), but advanced 3.6% compared to the same period a year earlier. This was modestly lower than the 3.9% annual rise in September. New York and Chicago were strongest-performing markets over the previous 12-month period, with increases of 7.3% and 6.2%, respectively. The primary market laggards were Tampa and Denver, each of which posted a small year-over-year gain of 0.4%.
- Mortgage rates continued to rise this week. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage rose 6 basis points to a six-month high of 6.91% during the week ending January 2—up from the two-year low of 6.08% on September 26 of this year, but below the peak of 7.79% recorded on October 26, 2023. This represents the third consecutive weekly increase.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) ended December at 49.3%—0.9 percentage point higher than the 48.4% reading in November—but indicated contraction in the U.S. manufacturing sector for the ninth consecutive month. (A PMI reading under 50% indicates a decrease in manufacturing activity.) The ISM's Employment Index remained in contraction territory at 45.3% in December, down 2.8 percentage points from the prior month's reading of 48.1%.
- Jimmy Carter, who served as the 39th president of the U.S. from 1977 to 1981, passed away at the age of 100 on Sunday, December 29. The U.S. stock market will close for a national day of mourning in his honor on Thursday, January 9.

Stocks

- Global equities lost ground for the week. Developed markets outperformed emerging markets.
- U.S. stocks declined during the week. Energy and utilities were the top-performing sectors, while materials and consumer discretionary were the primary market laggards.
- Value stocks led growth, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.60% over the week.
- Global bond markets were virtually flat for the week.
- High-yield bonds led the markets, followed by government bonds and corporate bonds.

The Numbers as of January 3, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-1.4%	15.5%	17.6%	839.9
MSCI EAFE ($)	-0.7%	1.1%	2.6%	2259.8
MSCI Emerging Mkts ($)	-1.1%	4.6%	6.6%	1071.0
US & Canadian Equities				
Dow Jones Industrials ($)	-0.6%	13.4%	14.1%	42732.1
S&P 500 ($)	-0.5%	24.6%	26.7%	5942.5
NASDAQ ($)	-0.5%	30.7%	35.2%	19621.7
S&P/ TSX Composite (C$)	1.1%	19.6%	20.1%	25073.5
UK & European Equities				
FTSE All-Share (£)	0.8%	6.1%	6.5%	4490.9
MSCI Europe ex UK (€)	0.4%	5.3%	5.7%	1774.5
Asian Equities				
Topix (¥)	-0.6%	17.7%	17.1%	2784.9
Hong Kong Hang Seng ($)	-1.6%	15.9%	18.7%	19760.3
MSCI Asia Pac. Ex-Japan ($)	-1.3%	7.2%	9.6%	566.9
Latin American Equities				
MSCI EMF Latin America ($)	-0.2%	-30.2%	-27.8%	1859.5
Mexican Bolsa (peso)	-0.6%	-14.6%	-11.6%	48985.8
Brazilian Bovespa (real)	-1.6%	-11.8%	-9.8%	118403.6
Commodities ($)				
West Texas Intermediate Spot	3.6%	2.1%	1.3%	73.1
Gold Spot Price	1.0%	27.8%	29.3%	2641.9
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.1%	-1.9%	-0.5%	462.5
JPMorgan Emerging Mkt Bond	0.1%	5.8%	7.7%	897.9
10-Year Yield Change (basis points*)				
US Treasury	-3	72	60	4.60%
UK Gilt	-4	106	87	4.59%
German Bund	3	40	30	2.42%
Japan Govt Bond	-2	49	49	1.10%
Canada Govt Bond	-8	13	0	3.24%
Currency Returns**				
US$ per euro	-1.1%	-6.6%	-5.8%	1.031
Yen per US$	-0.3%	11.6%	8.8%	157.34
US$ per £	-1.2%	-2.4%	-2.0%	1.243
C$ per US$	0.2%	9.1%	8.2%	1.444

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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