WEEKLY MARKET UPDATE | JANUARY 10, 2025

Economic strength, market weakness.

The economy

- U.S. stocks lost ground during the week ending January 10, as surprisingly robust employment data clouded the outlook for further interest-rate cuts from the Federal Reserve (Fed). Additionally, bond yields moved higher amid reignited inflation fears. The U.S. equity markets were closed on Thursday in observance of a national day of mourning for former President Jimmy Carter, who passed away at the age of 100 on December 29.
- The Department of Labor reported that U.S. payrolls expanded by a greater-than-expected total of 256,000 jobs in December—a substantial increase from the 212,000 positions added in November (which represented a downward adjustment from the previous total of 227,000 reported last month). The unemployment rate dipped 0.1 percentage point to 4.1%. The health care sector added 46,000 positions during the month, followed closely by retail trade and leisure and hospitality, each of which gained 43,000 jobs. In contrast, employment in the manufacturing sector declined by 13,000. Average hourly earnings rose 0.3% and 3.9% in December and year-over-year, respectively.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), another gauge of the status of the U.S. labor market, job openings in the U.S. rose by 259,000 (3.3%) to 8,098,000 in November (the most recent reporting period). While this figure was down significantly from the 8,931,000 openings a year earlier, the total remained well above the pre-COVID-19 level of 6,995,000 openings in February 2020. There were notable month-over-month increases in open positions in professional and business services, and finance and insurance. There were declines in job openings in the information sector and trade, transportation, and utilities.
- The Institute for Supply Management's (ISM) Price Index surged 6.2 points to 64.4 in December, suggesting an upturn in inflation. On the positive side, the Services PMI advanced 2.0 percentage points to 54.1 during the month, while the Business Activity Index was up 4.5 percentage points to 58.2. Readings above 50 signify growth in the services sector and in business activity.
- Minutes from the Federal Open Market Committee's (FOMC) December 17-18 meeting, released on Tuesday, revealed that members favored more gradual interest-rate cuts going forward as inflation remains sticky and the economy is relatively strong. The meeting participants indicated that the FOMC "was at or near the point at which it would be appropriate to slow the pace of policy easing. They also indicated that if the data came in about as expected, with inflation continuing to move down sustainably to 2 percent and the economy remaining near maximum employment, it would be appropriate to continue to move gradually toward a more neutral stance of policy over time." The central bank voted to reduce the federal-funds rate by 25 basis points (0.25%) to a range of 4.25% to 4.50% following its December meeting. The Fed's so-called dot plot of economic projections indicated a median federal-funds rate of 3.9% at the end of 2025, up from its previous estimate of 3.4% issued in September, signaling that the central bank anticipates federal-funds rate cuts totalling roughly 50 basis points this year.

Stocks

- Global equities were mixed for the week. Developed markets outperformed emerging markets.
- U.S. stocks declined during the week. Energy and health care were the top-performing sectors, while real estate and information technology were the primary market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.76% over the week.
- Global bond markets experienced a downturn for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of January 10, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.2%	16.3%	17.1%	845.6
MSCI EAFE ($)	0.7%	1.6%	3.1%	2271.2
MSCI Emerging Mkts ($)	-0.6%	4.2%	7.2%	1066.5
US & Canadian Equities				
Dow Jones Industrials ($)	-1.9%	11.3%	11.2%	41938.5
S&P 500 ($)	-1.9%	22.2%	21.9%	5827.0
NASDAQ ($)	-2.3%	27.6%	28.0%	19161.6
S&P/ TSX Composite (C$)	-1.2%	18.2%	18.4%	24767.7
UK & European Equities				
FTSE All-Share (£)	-0.3%	5.8%	8.1%	4476.4
MSCI Europe ex UK (€)	2.1%	7.1%	8.2%	1803.4
Asian Equities				
Topix (¥)	-2.5%	14.7%	9.3%	2714.1
Hong Kong Hang Seng ($)	-3.5%	11.8%	16.9%	19064.3
MSCI Asia Pac. Ex-Japan ($)	-0.6%	6.8%	10.5%	564.9
Latin American Equities				
MSCI EMF Latin America ($)	2.4%	-29.1%	-26.8%	1887.6
Mexican Bolsa (peso)	1.4%	-13.5%	-10.5%	49639.0
Brazilian Bovespa (real)	0.4%	-11.4%	-9.0%	118952.7
Commodities ($)				
West Texas Intermediate Spot	-0.1%	3.2%	2.6%	73.9
Gold Spot Price	2.1%	30.5%	33.8%	2696.1
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.5%	-2.5%	-1.1%	459.6
JPMorgan Emerging Mkt Bond	-0.3%	5.7%	7.1%	896.7
10-Year Yield Change (basis points*)				
US Treasury	16	88	79	4.76%
UK Gilt	24	131	100	4.84%
German Bund	17	57	36	2.59%
Japan Govt Bond	10	59	60	1.20%
Canada Govt Bond	21	33	20	3.44%
Currency Returns**				
US$ per euro	-0.6%	-7.2%	-6.6%	1.025
Yen per US$	0.3%	11.8%	8.5%	157.71
US$ per £	-1.7%	-4.1%	-4.3%	1.221
C$ per US$	-0.2%	8.9%	7.7%	1.442

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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