WEEKLY MARKET UPDATE | JANUARY 24, 2025

Stocks rise as investors riff on tariffs.

The economy

- U.S. stocks garnered positive returns for the abbreviated trading week ending January 24; the U.S. financial markets were closed on Monday in observance of the Martin Luther King Jr. Day holiday. Investors appeared to express relief that newly inaugurated President Donald Trump's previously proposed tariffs on imported goods from China, Canada, and Mexico were not included in the executive orders that he issued during the first several days of his term. Additionally, several large companies reported positive earnings surprises during the week.
- Despite the lack of immediate action on tariffs, in a video address to the World Economic Forum in Davos, Switzerland on Thursday, Trump cautioned that the levies were still on the table. "My message to every business in the world is very simple: Come make your product in America and we will give you among the lowest taxes of any nation on Earth," he said. "But if you don't make your product in America, which is your prerogative, then, very simply, you will have to pay a tariff." However, in an interview on Fox News on Thursday evening, Trump took a more cautious tone regarding tariffs on China. He commented, "We have one very big power over China, and that's tariffs, and they don't want them. And I'd rather not have to use it."
- There was notable news this week regarding the U.S. housing market. The National Association of Realtors (NAR) reported that sales of existing homes rose by 2.2% to an annualized rate of 4.24 million in December, and increased 9.3% over the previous 12-month period—the largest year-over-year upturn since June 2021. (Home sales are viewed as an indicator of housing market trends, and by extension, the health of the broader economy.) The median existing-home sale price rose 6.0% month-over-month to $404,400. Three of the four geographical regions of the U.S. posted sales gains in December, while sales in the Midwest declined. All four regions saw year-over-year increases. Despite a rally in the fourth quarter, existing-home sales dropped to a 30-year low of 4.06 million during the 2024 calendar year. The inventory of unsold existing homes fell 13.5% month-over-month to 1.15 million, equivalent to a 3.3-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a "balanced market," in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a "seller's market."
- The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. edged up 0.1% during the week ending January 17, compared to the previous seven-day period. The MBA's Refinance Index decreased 3.0% for the week but climbed 42.0% over the previous 12-month period. The Purchase Index rose 1.0% and 7.0% for the week and year-over-year, respectively. According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage dipped 8 basis points to 6.96% during the week ending January 23—the first weekly decline since December 5.
- The Conference Board Leading Economic Index® (LEI), which is designed to signal peaks and troughs in the U.S. business cycle, dipped 0.1% to 101.6% in December. The LEI was down 1.3% for the six-month period ending December 31, but represented improvement from the 1.7% decline over the first half of 2024. Five of the ten leading indicators within the LEI moved higher in December; however, this was offset by weakness in manufacturing, an increase in initial claims for unemployment, and a decline in building permits.

Stocks

- Major global equity market indexes moved higher over the week. Developed markets outperformed emerging markets.
- U.S. equities gained ground during the week. Communication services and health care were the top-performing sectors, while energy and materials were the primary market laggards.
- Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.62% over the week.
- Global bond markets recorded positive returns for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of January 24, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.0%	3.7%	18.9%	872.1
MSCI EAFE ($)	2.2%	3.4%	5.8%	2339.5
MSCI Emerging Mkts ($)	1.0%	0.5%	9.4%	1081.3
US & Canadian Equities				
Dow Jones Industrials ($)	2.2%	4.4%	16.8%	44424.3
S&P 500 ($)	1.7%	3.7%	24.7%	6101.2
NASDAQ ($)	1.7%	3.3%	28.7%	19954.3
S&P/ TSX Composite (C$)	1.6%	3.0%	20.7%	25468.5
UK & European Equities				
FTSE All-Share (£)	-0.1%	3.4%	12.0%	4617.9
MSCI Europe ex UK (€)	1.5%	5.3%	9.6%	1858.8
Asian Equities				
Topix (¥)	2.7%	-1.2%	8.7%	2751.0
Hong Kong Hang Seng ($)	2.5%	0.0%	23.8%	20066.2
MSCI Asia Pac. Ex-Japan ($)	1.0%	0.2%	12.2%	570.5
Latin American Equities				
MSCI EMF Latin America ($)	2.6%	6.3%	-22.0%	1970.1
Mexican Bolsa (peso)	2.8%	3.7%	-8.6%	51323.2
Brazilian Bovespa (real)	0.1%	1.8%	-4.5%	122449.2
Commodities ($)				
West Texas Intermediate Spot	-3.8%	4.5%	-3.8%	74.9
Gold Spot Price	2.2%	5.7%	37.6%	2773.4
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.4%	0.0%	0.6%	463.3
JPMorgan Emerging Mkt Bond	0.3%	0.5%	8.5%	901.6
10-Year Yield Change (basis points*)				
US Treasury	-1	5	50	4.62%
UK Gilt	-3	6	65	4.63%
German Bund	4	20	28	2.57%
Japan Govt Bond	3	13	49	1.23%
Canada Govt Bond	-2	5	-20	3.28%
Currency Returns**				
US$ per euro	2.2%	1.4%	-3.2%	1.049
Yen per US$	-0.2%	-0.8%	5.6%	155.95
US$ per £	2.6%	-0.3%	-1.8%	1.248
C$ per US$	-0.9%	-0.3%	6.4%	1.434

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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