WEEKLY MARKET UPDATE | FEBRUARY 21, 2025

Consumer-unfriendly news weighs on the market.

The economy

- Major U.S. equity market indexes moved lower during the week ending February 21. Investors had a relatively muted response to the Federal Open Market Committee (FOMC) minutes from its January 28-29 meeting, released on Wednesday, and the broad-market S&P 500 Index closed at a record high. However, stocks declined later in the week after Walmart, the world's largest retailer, issued lower-than-expected revenue and earnings estimates for its current fiscal year. This led to a notable selloff in consumer-related sectors as investors worried about a downturn in consumer spending, which comprises two-thirds of U.S. gross domestic product (GDP). Additionally, investors sold shares of health care companies on Friday after The Wall Street Journal reported that the Department of Justice was probing UnitedHealth Group's Medicare billing practices.
- According to minutes from the FOMC's meeting last month, several members indicated that, "provided the economy remained near maximum employment, they would want to see further progress on inflation before making additional adjustments to the target range for the federal funds rate." The Committee members also discussed the "potential economic effects of possible changes to trade, immigration, fiscal, and regulatory policies." The FOMC voted unanimously to leave its benchmark interest rate unchanged in a range of 4.25% to 4.50% during its meeting in January, ending a streak of three consecutive rate cuts totaling 100 basis points (1.00%) in September, November, and December of last year.
- The Department of Labor announced that initial unemployment insurance claims, a barometer of the health of the labor market, increased 5,000 to 219,000 during the week ending February 15, modestly exceeding market expectations. The total was up 19,000 from the 200,000 claims filed during the same week in 2024. The four-week moving average of initial claims dipped 1,000 week-over-week to 215,250, but was above the four-week average of 212,250 a year earlier.
- There was significant news this week regarding the U.S. housing market. The National Association of Realtors (NAR) reported that sales of existing homes tumbled 4.9% to an annualized rate of 4.08 million in January, but rose 2.0% over the previous 12-month period—the fourth consecutive year-over-year gain. (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 4.8% over the previous 12-month period to $396,900. The inventory of unsold existing homes as of the end of January stood at 1.18 million—up 3.5% from the end of December—equivalent to a 3.5-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 Conference Board Leading Economic Index® (LEI), which is designed to signal peaks and troughs in the U.S. business cycle, dipped 0.3% to 101.5% in January. The LEI was down 0.9% for the six-month period ending January 31, but represented improvement from the 1.7% decline over the previous six-month period. Six of the ten leading indicators within the LEI moved higher in January; however, this was offset mainly by weakness in manufacturing. In a news release announcing its monthly survey results, the Conference Board noted, "Consumers' assessments of future business conditions turned more pessimistic in January, which—alongside fewer weekly hours worked in manufacturing—drove the monthly decline."

Stocks

- Global equities were mixed for the week. Emerging markets posted gains and outperformed developed markets.
- U.S. equities fell sharply during the week. Utilities and health care were the top-performing sectors, while consumer discretionary and communication services were the primary market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.43% over the week.
- Global bond markets ended the week in negative territory.
- High-yield bonds led the markets, followed by government bonds and corporate bonds.

The Numbers as of February 21, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.1%	5.0%	16.2%	883.7
MSCI EAFE ($)	-0.4%	7.8%	7.0%	2439.0
MSCI Emerging Mkts ($)	0.6%	5.3%	10.0%	1132.4
US & Canadian Equities				
Dow Jones Industrials ($)	-2.5%	2.1%	11.2%	43428.0
S&P 500 ($)	-1.7%	2.2%	18.2%	6013.1
NASDAQ ($)	-2.5%	1.1%	21.7%	19524.0
S&P/ TSX Composite (C$)	-1.3%	1.7%	18.0%	25147.0
UK & European Equities				
FTSE All-Share (£)	-0.9%	5.0%	11.9%	4693.4
MSCI Europe ex UK (€)	-0.3%	9.7%	9.7%	1936.8
Asian Equities				
Topix (¥)	-0.8%	-1.7%	2.8%	2736.5
Hong Kong Hang Seng ($)	3.8%	17.0%	40.2%	23477.9
MSCI Asia Pac. Ex-Japan ($)	0.1%	4.3%	12.4%	593.7
Latin American Equities				
MSCI EMF Latin America ($)	-0.3%	14.1%	-17.8%	2113.6
Mexican Bolsa (peso)	-0.7%	8.5%	-6.0%	53701.2
Brazilian Bovespa (real)	-0.9%	5.6%	-2.4%	127075.2
Commodities ($)				
West Texas Intermediate Spot	2.6%	1.2%	-9.0%	72.6
Gold Spot Price	1.8%	12.0%	45.3%	2939.9
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.2%	1.3%	2.7%	469.6
JPMorgan Emerging Mkt Bond	-0.3%	1.8%	8.9%	912.9
10-Year Yield Change (basis points*)				
US Treasury	-5	-15	10	4.43%
UK Gilt	7	1	47	4.57%
German Bund	4	10	3	2.47%
Japan Govt Bond	7	33	71	1.43%
Canada Govt Bond	0	-12	-44	3.10%
Currency Returns**				
US$ per euro	-0.3%	1.0%	-3.4%	1.046
Yen per US$	-2.1%	-5.1%	-0.9%	149.16
US$ per £	0.3%	0.9%	-0.2%	1.263
C$ per US$	0.3%	-1.1%	5.5%	1.423

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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