

Hello everyone,

Stocks fell for the second consecutive week as a round of fresh economic data stoked inflationary concerns among investors.

The Standard & Poor's 500 Index declined 1.94 percent, while the Nasdaq Composite Index dropped 2.34 percent. The Dow Jones Industrial Average lost 1.86 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, slipped 0.49 percent.^{1,2}

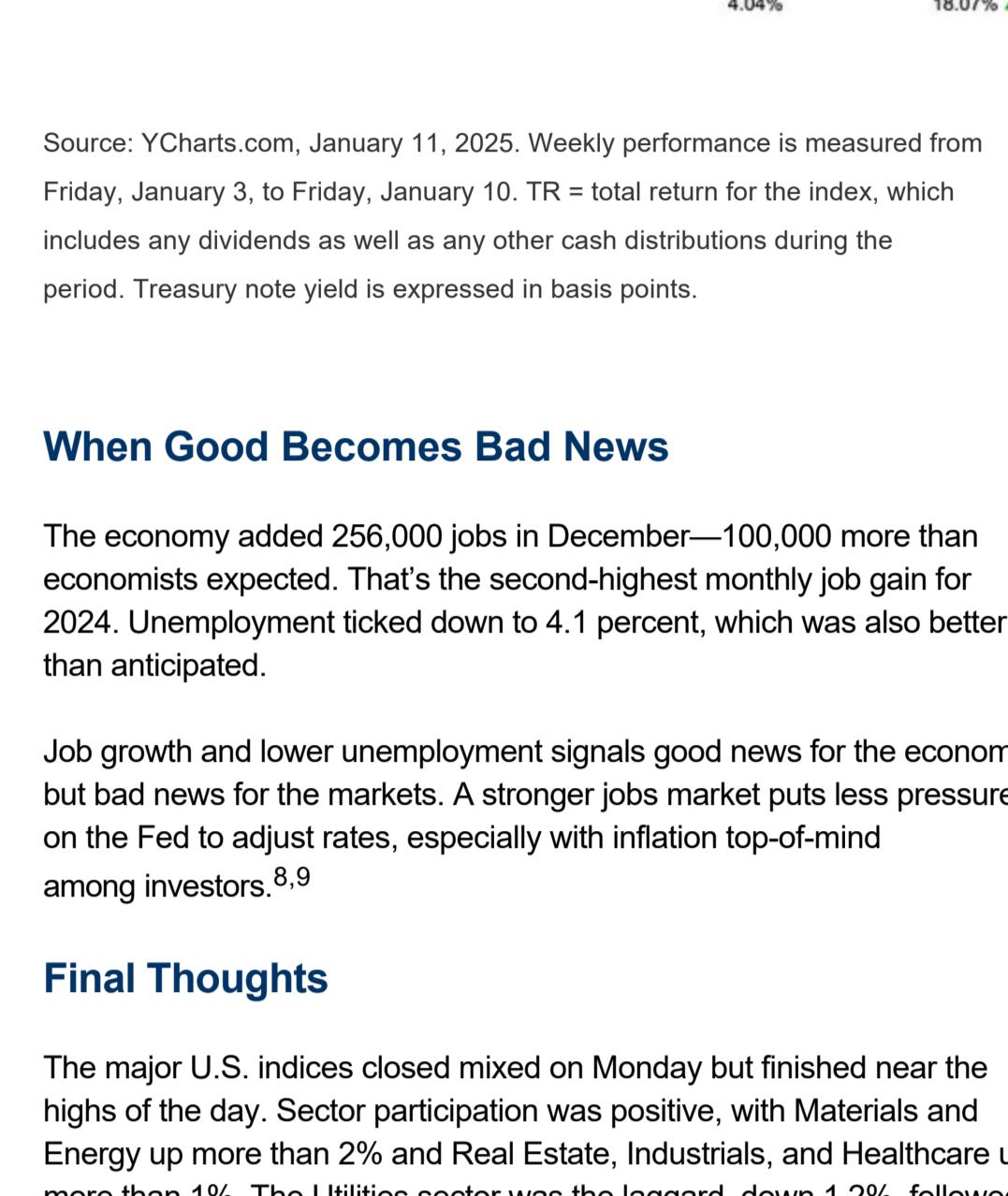
Inflation Stymies Markets

Stocks rallied broadly to start the week, but two economic reports on Tuesday—job openings and the prices-paid index among service companies—raised fresh inflation concerns. Higher Treasury yields also put pressure on stocks.^{3,4}

Stocks flattened out on Wednesday. Investors reacted to news that most Federal Open Market Committee members agreed inflation risks had increased, per minutes from the Fed's December meeting.^{5,6}

U.S. stock markets were closed Thursday in observance of President Jimmy Carter's funeral.

On Friday, a warmer-than-expected December jobs report caused investors to question whether the Fed will adjust rates in 2025. News that consumer sentiment ticked down also pushed stocks lower.⁷



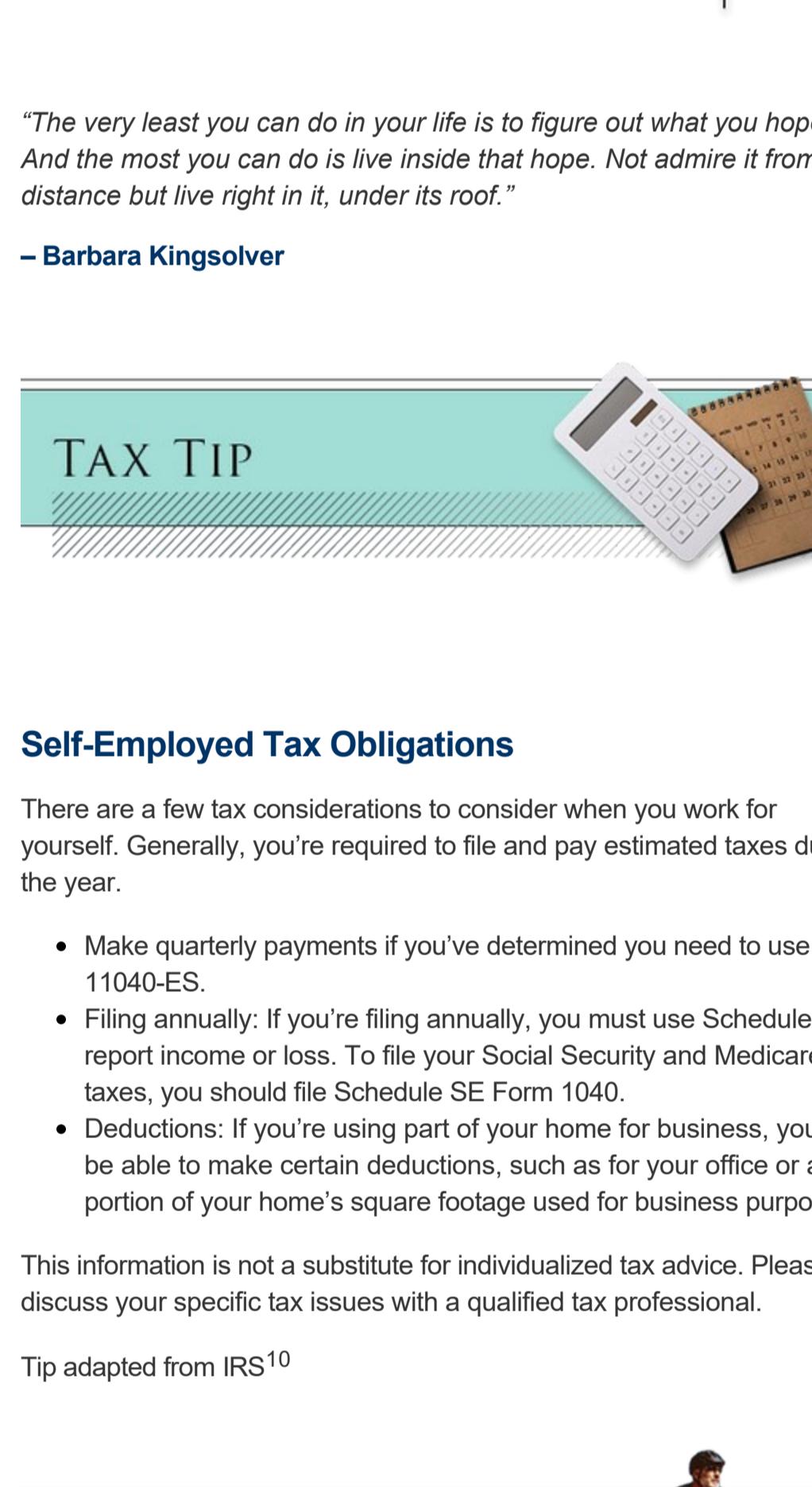
YCHARTS

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Y TR
Dow Jones Industrial Average	-4.40%	0.25%	15.25%	64.28%
MSCI EAFE	-3.76%	0.44%	6.33%	29.66%
Nasdaq Composite	-1.86%	0.88%	32.17%	121.9%
S&P 500	-2.72%	0.65%	25.96%	96.86%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
10 Year Treasury Rate	4.77%	4.22%	13.03% ▲
01/10/25		4.09%	16.63% ▲
		4.04%	18.07% ▲

Source: YCharts.com, January 11, 2025. Weekly performance is measured from Friday, January 3, to Friday, January 10. TR = total return for the index, which includes any dividends as well as any other cash distributions during the period. Treasury note yield is expressed in basis points.

When Good Becomes Bad News

The economy added 256,000 jobs in December—100,000 more than economists expected. That's the second-highest monthly job gain for 2024. Unemployment ticked down to 4.1 percent, which was also better than anticipated.^{8,9}

Job growth and lower unemployment signals good news for the economy but bad news for the markets. A stronger jobs market puts less pressure on the Fed to adjust rates, especially with inflation top-of-mind among investors.^{8,9}

Final Thoughts

The major U.S. indices closed mixed on Monday but finished near the highs of the day. Sector participation was positive, with Materials and Energy up more than 2% and Real Estate, Industrials, and Healthcare up more than 1%. The Utilities sector was the laggard, down 1.2%, followed by Information Technology -0.87%, and Communication Services -0.49%, as reported by RJ Michael Gibbs.

We'll get the latest read on inflation beginning tomorrow with December PPI reports and Wednesday with CPI and Hourly Earnings.

Earnings season begins this week featuring banking giants JPMorgan Chase & Co. (JPM), Wells Fargo & Company (WFC) reporting Wednesday, followed by UnitedHealth Group Incorporated (UNH), Bank of America Corporation (BAC), Morgan Stanley (MS) on Thursday. Analysts expect companies in the S&P 500 to report a roughly 12% jump in profits from the prior year, according to FactSet. The WSJ notes that would mark the biggest year-over-year gain since the fourth quarter of 2021.

We hope your year is off to a wonderful start and as always, we're here for any questions about anything financial. It's what we do and who we are. In the meantime, have a terrific week.

Warmest regards,

Jon, Collin, & Sandy

This Week: Key Economic Data

Monday: Treasury Statement.

Tuesday: Producer Price Index. Fed officials Jeffrey Schmid and John Williams speak.

Wednesday: Consumer Price Index. Fed officials Thomas Barkin, Neel Kashkari, John Williams, and Austan Goolsbee speak. Fed Beige Book.

Thursday: Retail Sales. Import and Export Prices. Business Inventories. Homebuilder Confidence Index.

Friday: Housing Starts and Permits. Industrial Production.

Source: Investors Business Daily - Econoday economic calendar, January 9, 2025. The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

This Week: Companies Reporting Earnings

Wednesday: JPMorgan Chase & Co. (JPM), Wells Fargo & Company (WFC), BlackRock, Inc. (BLK), Citigroup Inc. (C), The Charles Schwab Corporation (SCHW)

Thursday: UnitedHealth Group Incorporated (UNH), Bank of America Corporation (BAC), Morgan Stanley (MS)

Source: Zacks, January 9, 2025. Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

Tip adapted from IRS¹⁰

Source: IRS, January 11, 2025. This information is not a substitute for individualized tax advice. Please discuss your specific tax issues with a qualified tax professional.

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