

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The ISM Manufacturing data was released for the month of December, and it showed the manufacturing sector continued its decline.
 - The reading came in at 49.3, and any reading below 50 represents a contraction in the sector's activity.
 - Despite falling, the reading was the strongest since March and indicated the manufacturing sector slowed less than anticipated.
 - The increase was driven predominantly by an increase in new orders, suggesting new demand from the manufacturing sector.
- Data on the housing market was also released, with pending home sales rising 2.2% on a month-over-month basis, and 6.9% on a year-over-year basis.
 - Both of these figures surpassed expectations, suggesting that there may be an uptick in activity within the housing market.
- The average mortgage rate on a 30-year fixed rate mortgage was also released for the week ending December 27th.
 - Mortgage rates rose to 6.97% from the previous 6.75% as the yield on the 10-year Treasury continued to climb higher.
 - This was the highest reading seen since July of 2024 as fixed income markets continue to price in fewer interest rate cuts for the upcoming year.

How do these critical economic data points impact you?

- The manufacturing sector has been in decline for 25 of the last 26 months, including the past 6 straight. An increase in production from the manufacturing sector and the corresponding consumer demand to meet it could lead to strong economic growth.
 - A resilient services sector continues to drive economic growth, keeping the U.S. out of a recession while manufacturing has been paltry over the past few years.
- Existing home sales slumped as the housing market struggled with affordability due to rising prices and mortgage rates and a lack of supply given elderly Americans are staying in their homes.
 - An increase in pending home sales could represent more homes coming to market, which may ease the tight supply/demand dynamic.



A LOOK FORWARD¹

- This week, investors will be attuned to the labor report which contains data like the number of nonfarm payrolls, the unemployment rate, and other key labor metrics.
- ISM Services will also be released, which should provide insight into the services sector of the economy.

How does this week's slate of economic data impact you?

- Inflation has been stubborn, but the Federal Reserve (Fed) is prioritizing price stability over steady employment. If unemployment begins to rise the Fed may have to reassess monetary policy.



MARKET UPDATE²

Market Index Returns as of 1/03/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.45%	1.05%	1.05%	28.49%	9.11%	14.72%
NASDAQ	-0.49%	1.62%	1.62%	36.20%	8.76%	17.73%
Dow Jones Industrial Average	-0.59%	0.46%	0.46%	16.24%	7.26%	10.56%
Russell Mid-Cap	0.25%	1.24%	1.24%	19.71%	4.26%	10.20%
Russell 2000 (Small Cap)	1.13%	1.72%	1.72%	17.47%	1.46%	7.86%
MSCI EAFE (International)	-0.88%	-0.30%	-0.30%	5.08%	1.23%	4.61%
MSCI Emerging Markets	-0.82%	-0.14%	-0.14%	9.41%	-2.04%	1.50%
Bloomberg Barclays US Agg Bond	0.18%	-0.13%	-0.13%	2.10%	-2.17%	-0.46%
Bloomberg Barclays High Yield Corp.	0.40%	0.31%	0.31%	9.72%	3.10%	4.24%
Bloomberg Barclays Global Agg	-0.26%	-0.35%	-0.35%	-0.69%	-4.39%	-2.09%



OBSERVATIONS

- Most major indices declined last week, with the exception of small and midcap companies. Both domestic and international indices fell to close out 2024, but domestic markets rallied on the first trading day of the year.
- Small-cap stocks were the winners in the week (+1.13%), alongside Mid-caps (+0.25%), while Developed International (-0.88%), and Emerging Markets (-0.82%) fell the most.
- Domestic large-cap indexes: Nasdaq (-0.49%), S&P 500 (-0.45%), and DJIA (-0.59%) held up better than other areas of global equity markets.
- Fixed income indices were mixed last week. The U.S. Aggregate Bond Index (+0.18%), and High Yield Corporate credit (+0.40%) posted positive returns, but the Global Aggregate Bond Index fell (-0.26%).



BY THE NUMBERS

- **Both the NASDAQ New York Stock Exchange Will Close For Trading on January 9 to Mourn Jimmy Carter's Death:** "The NYSE will respectfully honor President Carter's lifetime of service to our nation by closing our markets on the National Day of Mourning," Lynn Martin, President of NYSE Group, said in a statement. "We mourn the loss of President Carter and will be closing our U.S. markets during the National Day of Mourning to celebrate his life and honor his legacy," Tal Cohen, President of Nasdaq, said in a statement. Carter served as president from 1977 to 1981, losing his re-election bid to Ronald Reagan in 1980. He was a Navy veteran, served as the 76th governor of Georgia, and is known for his more than 40 years of service to humanitarian causes through The Carter Center. Stock market closures are rare outside of regular holidays. The last time the stock market closed in honor of a president was on December 5, 2018, following the passing of George H.W. Bush. Other events that closed the market include Hurricane Sandy in 2012 and the September 11 terror attacks.³
- **The NFL Playoff Picture is Finally Set:** On Sunday the Tampa Bay Buccaneers clinched the final playoff spot out of the NFC. The Bucs needed a win over the New Orleans Saints to win the NFC South, and despite Tampa Bay trailing by double digits in the second half they rallied for a 27-19 win over New Orleans that put the Bucs in the NFL postseason for the fifth straight year. Over in the AFC, the Denver Broncos nabbed the conference's final playoff spot with a 38-0 win over a Kansas City Chiefs team that was resting most its starters. That eliminated the Cincinnati Bengals, which won Saturday night over the Pittsburgh Steelers to stay alive, with the Miami Dolphins eliminating themselves simultaneously Sunday in a loss to the New York Jets. The NFL playoff picture was finally decided Sunday night when the Detroit Lions topped the Minnesota Vikings, 31-9, in the final game of the regular season. The victory clinched the NFC North, the No. 1 seed, a bye and home-field advantage through the NFC side of the bracket for Detroit.⁴

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Pending Home Sales: This concept tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 1/3/2025.

² Data obtained from Morningstar as of 1/3/2025.

³ [The US stock market will close on January 9 in remembrance of Jimmy Carter](#)

⁴ [2025 NFL playoff picture, bracket: Full Wild Card Weekend schedule for NFC and AFC after Lions destroy Vikings - CBSSports.com](#)