

Open-End Net Fund Flows (\$)	12/23	11/23	YTD (Dec)
Equity	-75.6B	-59.2B	-514.7B
Taxable Bond	-6.8B	-10.4B	-17.1B
Municipal Bond	-1.7B	-3.7B	-19.7B
Hybrid	-9.1B	-5.7B	-108.0B
Taxable Money Market	15.9B	197.4B	955.7B

Key Interest Rates/Yields	1/31/24	12/29/23	1/31/23
Federal Funds Target Rate	5.50%	5.50%	4.50%
2-Year T-Note	4.21%	4.25%	4.20%
5-Year T-Note	3.84%	3.85%	3.62%
10-Year T-Note	3.91%	3.88%	3.51%
Bond Buyer 40	4.71%	4.48%	4.31%

Commodities/U.S. Dollar	1/24	YTD	12 Mo.
U.S. Dollar Index (DXY)	1.92%	1.92%	1.15%
FTSE/Core CRB Excess Ret.	3.25%	3.25%	-2.04%
Crude Oil/WTI (per Barrel)	5.86%	5.86%	-3.83%
Natural Gas (per million BTUs)	-16.47%	-16.47%	-21.76%
Gold Bullion (Ounce)	-1.13%	-1.13%	6.16%

Total Return Performance

U.S. Stock Indices	1/24	YTD	12 Mo.
S&P 500	1.68%	1.68%	20.79%
DJIA	1.31%	1.31%	14.36%
Nasdaq 100	1.89%	1.89%	42.83%
S&P MidCap 400	-1.71%	-1.71%	4.73%
Russell 2000	-3.89%	-3.89%	2.36%
Russell 3000	1.11%	1.11%	19.12%

U.S. Styles/Market Caps	1/24	YTD	12 Mo.
S&P 500 Growth	2.89%	2.89%	26.65%
S&P 500 Value	0.30%	0.30%	14.53%
S&P MidCap 400 Growth	-0.37%	-0.37%	9.24%
S&P MidCap 400 Value	-3.10%	-3.10%	0.35%
Russell 2000 Growth	-3.21%	-3.21%	4.44%
Russell 2000 Value	-4.54%	-4.54%	-0.16%

Foreign Stock Indices (USD)	1/24	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	0.43%	0.43%	9.48%
MSCI Emerging Markets NET	-4.64%	-4.64%	-2.94%
MSCI Europe NET	-0.12%	-0.12%	10.19%
MSCI BRIC NET	-5.61%	-5.61%	-10.22%
MSCI EM Latin America NET	-4.80%	-4.80%	14.99%
Nikkei 225	4.35%	4.35%	20.57%

Bloomberg Fixed Income Ind.	1/24	YTD	12 Mo.
U.S. Treasury: Intermediate	0.22%	0.22%	2.86%
GNMA 30 Year	-0.49%	-0.49%	1.55%
Municipal Bond (22+)	-0.89%	-0.89%	3.50%
U.S. Aggregate	-0.27%	-0.27%	2.10%
Intermediate Corporate	0.19%	0.19%	4.85%
U.S. Corporate High Yield	0.00%	0.00%	9.28%
Global Aggregate	-1.38%	-1.38%	0.94%
EM Hard Currency Aggregate	-0.64%	-0.64%	5.45%

Sources: Bloomberg and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

On January 19, 2024 the S&P 500 Index ("Index") closed trading at a record 4,839.81, ending a streak of 745 consecutive days where the Index wallowed below its previous record close. As discussed in the "Stock Market" section below, developments in artificial intelligence (AI), combined with data suggesting that the Federal Reserve ("Fed") could begin cutting interest rates as early as March led to a series of record highs for the Index in January. Investor sentiment climbed as a result. The American Association of Individual Investors reported that just 19.3% of respondents to its Investor Sentiment Survey were bearish on 12/14/23, representing nearly a six year low for the metric. That said, investors may have over-estimated the probability of an interest rate cut in March. The U.S. economy remains robust, and inflation, as measured by the trailing 12-month change in the rate of the consumer price index (CPI) accelerated to 3.4% in December, up from 3.1% at the end of the prior month. The Fed left interest rates unchanged at its most recent policy meeting, and indicated that rate cuts will not be warranted without further evidence of a slowdown in the pace of inflation. As of 1/31/24, the federal funds target rate futures market was pricing in a 36.8% chance that the Fed would cut rates at its March policy meeting, down 47.5 percentage points from when it stood at 84.3% on 12/29/23.

Stock Market

The S&P 500 Index stood at 4,845.65 at the end of January 2024, 1.67% below its all-time closing high of 4,927.93 on 1/29/24, according to Bloomberg. As of 1/31/24, the S&P MidCap 400 and S&P SmallCap 600 Indices remained 6.13% and 13.70%, respectively, below their record closing highs. In January, the S&P 500 Index posted a total return of 1.68%. Five of the eleven major sectors that comprise the Index registered positive total returns for the month. The top-performer was Communication Services, up 5.02%, while the worst showing came from Real Estate which was down 4.74%. The S&P 500 Index posted a total return of 20.79% over the trailing 12-month period ended 1/31/24. Seven of the eleven major sectors were up on a total return basis. The Index's top performer was Information Technology, up 50.09%, while the worst showing came from Utilities which fell by 8.04%. Fourth quarter earnings season began mid-January, with 35% of S&P companies having reported by the end of the month. The blended earnings growth rate stood at -1.0% at month-end, 2.6 percentage points below the consensus estimated growth rate of 1.6%, according to FactSet. Driven by continued advances in AI, Information Technology and Communication Services stocks were the top performers in January. Forecasts regarding the potential impact of AI on worldwide production are stunning. Price Waterhouse Coopers estimates that AI integration will increase global GDP by 14% (the equivalent of \$15.7 trillion) by 2030.

Bond Market

The yield on the benchmark 10-year T-note closed trading on 1/31/24 at 3.91%, up 3 basis points (bps) from its 3.88% close on 12/29/23, according to Bloomberg. The 3.91% yield stood 159 bps above its 2.32% average for the 10-year period ended 01/31/24, but 108 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood 30 bps higher than the yield on the 10-year T-note at the end of January. This marks 19 months in a row where the yield curve has remained inverted between these two benchmarks. After more than a year of increasingly tighter monetary policy, many of the world's central banks have held off on further hikes, shifting the focus from how high rates would go, to how soon they could be cut. As discussed in the "Climate" section above, Fed chairman Jerome Powell indicated that while rate cuts remain on the table for 2024, they are not likely to occur at the Fed's next meeting in March. The total returns in the "Bloomberg Fixed Income Indices" column to the left reflect this sentiment, with most of the indices we track experiencing slight losses during the month of January.

Takeaway

Driven by expectations of cuts to the federal funds target rate as well as continued progress in implementing AI into global workflows, the S&P 500 Index surged by 15.99% on a total return basis over the trailing three-month period ended 1/31/24, posting a new record high of 4,927.93 along the way. Many of the fixed income markets we track also rose. The Bloomberg U.S. Aggregate and Bloomberg Global Aggregate Bond Indices notched total returns of 8.23%, and 7.90%, respectively, over the same time frame. In the U.S., continued economic growth and the trajectory of inflation create a challenging situation for the Fed, in our view. On the one hand, GDP stood at 3.3% in Q4'23 and the CPI is down substantially from its most recent high of 9.1%, suggesting that the Fed could orchestrate a soft landing in the U.S. economy. On the other, the CPI remains above the Fed's target of 2.0%, and rose from 3.1% in November to 3.4% in December. As many investors are likely aware, an ill-timed reduction to the policy rate could generate a fresh surge in prices, an outcome the Fed admittedly hopes to avoid.

Data as of 1/31/24

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	4927.93	1/29/2024	1741.89	2/3/2014	4845.65	-1.67%	1.68%	1.47%
S&P 500 Growth	3423.28	12/27/2021	939.68	2/3/2014	3116.95	-8.95%	2.89%	0.69%
S&P 500 Value	1737.28	1/30/2024	788.67	2/11/2016	1720.64	-0.96%	0.30%	2.38%
S&P MidCap 400	2910.70	11/16/2021	1218.55	3/23/2020	2732.18	-6.13%	-1.71%	1.69%
S&P MidCap 400 Growth	1427.19	11/16/2021	570.39	2/3/2014	1280.54	-10.28%	-0.37%	1.07%
S&P MidCap 400 Value	932.50	2/2/2023	373.28	3/23/2020	887.03	-4.88%	-3.10%	2.34%
S&P 100	2334.24	1/29/2024	772.29	2/3/2014	2288.47	-1.96%	2.44%	1.39%
DJIA	38467.31	1/30/2024	15372.80	2/3/2014	38150.30	-0.82%	1.31%	1.93%
Nasdaq 100	17596.27	1/29/2024	3440.50	2/3/2014	17137.24	-2.61%	1.89%	0.86%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	1947.34	-20.28%	-3.89%	1.59%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1242.66	-27.31%	-3.21%	0.67%
Russell 2000 Value	2643.45	11/8/2021	1067.63	3/23/2020	2225.35	-15.82%	-4.54%	2.49%
Russell 3000	2827.65	1/29/2024	1046.22	2/3/2014	2776.35	-1.81%	1.11%	1.46%
MSCI World Net (ex U.S.) (USD)	7936.92	9/6/2021	4189.62	2/11/2016	7903.37	-0.42%	0.43%	3.10%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	509.04	-27.20%	-4.64%	2.77%
Ibovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	25791.87	-12.54%	-6.95%	4.98%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	1125.63	-41.36%	4.50%	5.85%
S&P BSE 500/India (USD)	379.61	1/15/2024	118.07	2/3/2014	377.15	-0.65%	2.19%	1.15%
Shanghai Composite/China (USD)	832.07	6/12/2015	320.10	3/20/2014	388.98	-53.25%	-7.14%	3.04%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.88	-35.99%	-8.96%	1.75%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	1980.72	-53.30%	-9.25%	4.47%
MSCI Euro (USD)	1705.00	9/6/2021	865.50	3/18/2020	1642.38	-3.67%	0.62%	3.12%
S&P 500 Consumer Discretionary	1673.27	11/19/2021	485.19	2/3/2014	1367.70	-18.26%	-3.53%	0.84%
S&P 500 Consumer Staples	841.99	4/20/2022	409.84	2/3/2014	772.80	-8.22%	1.54%	2.90%
S&P 500 Energy	737.09	6/23/2014	179.94	3/18/2020	636.73	-13.62%	-0.38%	3.67%
S&P 500 Utilities	394.81	9/12/2022	194.97	2/5/2014	312.07	-20.96%	-3.01%	3.57%
S&P 500 Financials	688.85	1/12/2022	264.89	2/11/2016	644.54	-6.43%	3.04%	1.72%
S&P 500 Banks	461.87	1/12/2022	180.19	2/11/2016	357.02	-22.70%	1.97%	3.08%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	721.38	-26.40%	-4.86%	4.15%
S&P 500 Health Care	1664.59	4/8/2022	634.74	2/3/2014	1635.58	-1.74%	3.01%	1.63%
S&P 500 Pharmaceuticals	1046.05	1/12/2024	479.47	2/3/2014	1034.50	-1.10%	4.82%	2.41%
NYSE Arca Biotechnology	6319.77	2/8/2021	2367.69	4/14/2014	5109.01	-19.16%	-5.72%	0.22%
S&P 500 Information Technology	3636.54	1/25/2024	557.98	2/3/2014	3529.92	-2.93%	3.95%	0.73%
Philadelphia Semiconductor	4483.33	1/24/2024	517.46	2/3/2014	4260.92	-4.96%	2.08%	1.04%
S&P 500 Communication Services	288.46	9/1/2021	130.86	12/24/2018	257.91	-10.59%	5.02%	0.73%
S&P 500 Industrials	966.92	1/30/2024	412.06	3/23/2020	955.86	-1.14%	-0.88%	1.64%
S&P 500 Materials	569.63	12/31/2021	234.97	1/25/2016	518.41	-8.99%	-3.91%	2.06%
Philadelphia Gold & Silver	167.76	4/14/2022	38.84	1/19/2016	113.54	-32.32%	-9.62%	2.04%
Refinitiv/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	272.41	-17.35%	3.25%	N/A
ICE BofA Perpetual Preferred	319.67	9/22/2021	188.20	2/3/2014	305.81	-4.34%	2.81%	6.69%
ICE BofA U.S. High Yield Constrained	526.40	1/29/2024	313.74	2/11/2016	525.90	-0.10%	0.04%	7.96%

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