WEEKLY MARKET UPDATE | FEBRUARY 9, 2024

Corporate earnings take the market driver's seat.

The economy

- U.S. stocks finished in positive territory for the week ending February 9. Investors' worries about Federal Reserve (Fed) Chair Jerome Powell's comments on monetary policy at the beginning of the week were offset by optimism regarding better-than-expected corporate earnings. The broad-market S&P 500 Index established several record highs during the week, ending the period above 5,000—a historical milestone.
- During a prerecorded interview, which was aired on "60 Minutes," a CBS television network news program, on Sunday, February 4, Fed Chair Powell said that the central bank is now focusing on a timeframe for a pivot to interest-rate cuts. However, he cautioned that a shift in monetary policy is not imminent. Citing the ongoing strength in the U.S. economy, Powell commented, "We feel like we can approach the question of when to begin to reduce interest rates carefully." Powell noted that the Fed is seeking to ensure that it does not leave interest rates too high for too long, leading to an economic slowdown, while simultaneously reducing rates in a manner that does not reignite inflation. "There is no easy, simple, obvious path. We think the economy's in a good place. We think inflation is coming down. We just want to gain a little more confidence that it's coming down in a sustainable way."
- The U.S. labor market remains resilient. The Department of Labor reported that, during the week ending January 13, initial unemployment insurance claims, a barometer of the health of the labor market, fell by 9,000 to 218,000. The total represented a modest decrease from the 220,000 claims filed during the same week in 2023. The four-week moving average of initial claims rose 3,750 week-over-week to 212,250, and increased 9,000 from the four-week average of 203,250 a year earlier.
- The Institute for Supply Management's (ISM) Services Purchasing Managers' Index (PMI) climbed 2.9 points to 53.4 in January. The reading represented the ISM Services PMI's thirteenth consecutive month above 50, indicating expansion in the services sector, which has grown in 43 of the past 44 months. The Business Activity Index ended the month at 58.8, matching the reading in December. The New Orders Index rose 2.2 points to 55.0 in January—the thirteenth consecutive month of expansion.
- The downward trend in mortgage rates over the past several months continues to benefit the U.S. housing market. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. increased 3.7% during the week ending February 2, compared to the previous seven-day period. The MBA's Refinance Index advanced 12.0% week-over-week and 1.0% over the previous 12-month period. The Purchase Index was down 6.0% and 19.0% for the week and year-over-year, respectively. According to Freddie Mac, the average interest rate on a 30-year fixed-rate mortgage ticked up 1 basis point (0.01%) to 6.64% during the week ending February 8, but remained below the 23-year high of 7.79% recorded during the week ending October 26, 2023.
- The Federal Reserve Bank of New York reported that U.S. household debt increased 2.6% and 2.4% over the fourth quarter and the 2023 calendar year, respectively. However, consumer debt rose just 0.4% year-over-year in December—down sharply from the 5.7% annual increase in November. Revolving credit, which includes credit cards, rose 1.0% in December, a notable decline from the 16.6% upturn for the previous month.

Stocks

- Global equities saw mixed performance for the week. Developed markets outperformed emerging markets, which posted losses.
- U.S. equities posted gains during the week. Consumer discretionary and consumer staples were the top-performing sectors, while energy and real estate lagged. Growth stocks led value, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.03% during the week.
- Global bond markets gained ground for the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of February 9, 2024	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.3%	1.2%	11.1%	735.7
MSCI EAFE ($)	0.4%	-0.2%	4.5%	2230.8
MSCI Emerging Mkts ($)	-0.3%	-4.1%	-6.1%	982.1
US & Canadian Equities				
Dow Jones Industrials ($)	1.4%	2.6%	13.5%	38654.4
S&P 500 ($)	1.4%	4.0%	18.6%	4958.6
NASDAQ ($)	1.1%	4.1%	28.1%	15629.0
S&P/ TSX Composite (C$)	-0.2%	0.6%	1.7%	21085.1
UK & European Equities				
FTSE All-Share (£)	-0.4%	-1.7%	-3.3%	4160.2
MSCI Europe ex UK (€)	-0.1%	1.6%	5.5%	1712.0
Asian Equities				
Topix (¥)	1.7%	7.3%	29.2%	2539.7
Hong Kong Hang Seng ($)	-2.6%	-8.9%	-29.3%	15533.6
MSCI Asia Pac. Ex-Japan ($)	-0.5%	-4.7%	-9.6%	503.9
Latin American Equities				
MSCI EMF Latin America ($)	0.5%	-3.7%	10.7%	2564.5
Mexican Bolsa (peso)	2.3%	1.3%	8.0%	58158.2
Brazilian Bovespa (real)	-1.2%	-5.0%	15.7%	127409.9
Commodities ($)				
West Texas Intermediate Spot	-5.4%	3.0%	-2.7%	73.8
Gold Spot Price	0.9%	-1.5%	6.4%	2035.3
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	1.2%	-1.2%	-0.2%	465.9
JPMorgan Emerging Mkt Bond	1.2%	-0.7%	4.5%	842.7
10-Year Yield Change (basis points*)				
US Treasury	-11	15	63	4.03%
UK Gilt	-5	38	91	3.91%
German Bund	-6	22	17	2.24%
Japan Govt Bond	-4	6	17	0.67%
Canada Govt Bond	-14	27	56	3.38%
Currency Returns**				
US$ per euro	-0.6%	-2.2%	-1.1%	1.079
Yen per US$	0.1%	5.2%	15.3%	148.31
US$ per £	-0.5%	-0.7%	3.4%	1.264
C$ per US$	0.1%	1.6%	1.1%	1.346

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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