

# Capital Markets Snapshot

Week ending January 26, 2024

The latest data continues to show positive signs for the U.S. economy, but some corporate earnings continue to fall below expectations. At the broader economic level, GDP for the fourth quarter came in above expectations at 3.3%. This pushed the GDP for 2023 to an annualized pace of 2.5%, an improvement over 2022's rate of 1.9%. Other positive news was seen on the inflation front with the Price Consumption Expenditures (PCE) Index up 0.2% for December and core PCE closing at 2.9% for the year. While still above the Federal Reserve's 2.0% target, this marked the first time core PCE has come in below 3.0% since 2021.

## Fixed Income Markets Overview

- Bonds were mixed this week with a decrease in the yield on the 2-year US Treasury but the 30-year saw a slight increase in yield. The 10-year U.S. Treasury yield was relatively flat.
- The first FOMC meeting of 2024 will be held on Tuesday and Wednesday of this week. According to the CME Fedwatch Rate Tool, Fed funds futures data is showing a 97% expectation the Fed will not adjust rates at this meeting.
- Real estate company Redfin noted severe winter weather is playing a role in slow home sales, after noting the biggest decline in pending sales in four months. Sales in warmer weather states reported more sales activity than those in the Mid-West and Northeast.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.1%	0.1%	0.1%	1.9%
<b>Core Plus</b>	Intermediate Govt/Credit	0.1%	-0.4%	-1.7%	1.8%
	International Aggregate	0.1%	-2.3%	-6.0%	-1.3%
	US Aggregate	0.1%	-1.3%	-3.6%	1.0%
	US Treasury	0.0%	-1.4%	-4.1%	0.7%
	US TIPS	-0.2%	-0.8%	-1.3%	2.9%
	US Corporate	0.2%	-1.1%	-3.3%	2.1%
<b>Other</b>	US Corporate High Yield	0.6%	-0.1%	1.9%	4.7%
	Emerging Markets Aggregate	0.1%	-1.3%	-3.3%	1.1%
<b>Muni</b>	US Municipals	-0.1%	-1.1%	-1.0%	2.4%
	US Municipals High Yield	0.2%	-1.5%	-0.4%	4.3%

Source: Bloomberg as of January 26, 2024

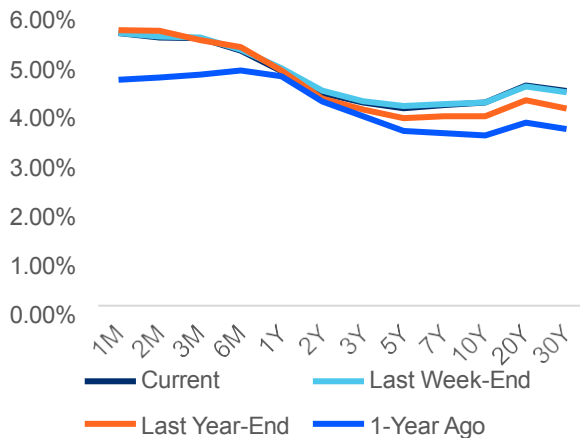
### Interest Rates (%)

Date	1/26/2024	1/19/2024	12/29/2023	1/26/2023
Federal Funds Rate	5.54%	5.54%	5.60%	4.61%
3 Month Treasury	5.44%	5.45%	5.40%	4.71%
6 Month Treasury	5.19%	5.21%	5.26%	4.79%
2 Year Treasury	4.34%	4.39%	4.23%	4.17%
5 Year Treasury	4.04%	4.08%	3.84%	3.58%
10 Year Treasury	4.15%	4.15%	3.88%	3.49%
30 Year Treasury	4.38%	4.36%	4.03%	3.62%
US Aggregate	4.74%	4.75%	4.53%	4.30%
US Corporate	5.23%	5.26%	5.06%	4.98%
US Corporate High Yield	7.75%	7.89%	7.59%	8.10%
US Municipal	3.47%	3.45%	3.22%	3.09%
US Municipal High Yield	5.72%	5.75%	5.57%	5.44%

### Spreads Over 10-Year US Treasuries

Date	1/26/2024	1/19/2024	12/29/2023	1/26/2023
30 Year Treasury	0.23%	0.21%	0.15%	0.13%
US Aggregate	0.59%	0.60%	0.65%	0.81%
US Corporate	1.08%	1.11%	1.18%	1.49%
US Corporate High Yield	3.60%	3.74%	3.71%	4.61%
US Municipal	-0.68%	-0.70%	-0.66%	-0.40%
US Municipal High Yield	1.57%	1.60%	1.69%	1.95%

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of January 26, 2024

Source: Bloomberg and U.S. Treasury as of January 26, 2024

## Equity Markets Overview

- Equities were up again this week with the S&P 500 and the DJIA breaking above recent highs. The NASDAQ was positive for the week but under pressure following some tech earnings reports.
- This week saw most of the S&P sectors with positive gains led by Energy, which was up 5.1%. Only three sectors were negative with the largest loss seen in Consumer Discretionary, which was down 1.4%
- As mentioned, last week's earnings reports were mixed with disappointing results from Tesla and Visa, while Comcast, American Express, and IBM beat estimates. Disappointing results from Intel on Friday pushed down other chip makers, which put overall pressure on the Nasdaq index.
- Tech earnings will be the focus this week with reports scheduled from Microsoft, Amazon, Alphabet (parent of Google), and Apple. This will be the largest week for earnings reports with other noteworthy releases scheduled from UPS, Starbucks, and Pfizer.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.1%	2.3%	10.5%	13.1%
Large-Cap	S&P 500	1.1%	2.6%	11.0%	13.6%
	S&P 500 Growth	1.1%	4.5%	7.9%	15.3%
	S&P 500 Value	1.0%	0.5%	13.7%	10.8%
Mid-Cap	S&P Midcap 400	0.8%	-0.6%	6.9%	8.8%
	S&P Midcap 400 Growth	0.5%	0.3%	3.4%	8.2%
	S&P Midcap 400 Value	1.2%	-1.5%	10.4%	9.0%
Small-Cap	S&P Smallcap 600	1.6%	-2.1%	3.2%	7.6%
	S&P Smallcap 600 Growth	0.9%	-1.2%	0.6%	8.1%
	S&P Smallcap 600 Value	2.2%	-2.9%	5.8%	6.9%
Intl.	MSCI ACWI ex-USA	1.8%	-1.5%	0.2%	2.1%
	MSCI EM	1.5%	-3.7%	-8.1%	-2.2%

Source: Bloomberg as of January 26, 2024

## Alternative Markets Overview

- Oil jumped to its highest level in two months, due to a drop in inventories and belief economic stimulus in China will help to strengthen demand.
- Gold was down slightly for the week, while Bitcoin closed the week with a gain of less than 1%.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	4.3%	5.6%	19.2%	5.7%
Gold	-0.5%	-2.9%	3.1%	8.3%
FTSE All Equity NAREIT	-0.8%	-3.7%	4.2%	6.5%
Bitcoin	0.6%	-0.2%	10.1%	31.0%
Ethereum	-9.2%	-2.1%	20.7%	16.7%

Source: Bloomberg as of January 26, 2024



### Upcoming Week

- In addition to the FOMC meeting and a huge earnings week, look for the February Non-Farm Payroll report on Friday. Current expectations are looking for a gain of 177,000 jobs.
- Other key releases this week include the JOLTS (Job Openings and Labor Turnover) survey, the ISM Manufacturing Index, Construction Spending, and Factory Orders.

## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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