

# Monthly Recap

## At-A-Glance

The S&P 500 (+2.78%) had a good start to the new year, slightly more than fully recouping its 2.38% December loss.

The Dow Jones Industrial Average outperformed the S&P 500 by 2 percentage points in January, gaining 4.78%.

Among the three major U.S. indices, the Nasdaq Composite gained the least, up 1.66%.

The small cap-focused Russell 2000 (+2.62%) clawed back nearly a third of its 8.26% December pullback.

Bloomberg's Commodities Index also handily outperformed the S&P 500, advancing 3.95% in January.

Gold futures surged 7.35% in January, primarily amid safer-haven demand stemming from uncertainty surrounding U.S. tariff effects. Gold ended the month at \$2,835.00/ounce for its best monthly performance since August 2011. Silver futures outshined, jumping 10.34% in January.

U.S. West Texas intermediate (WTI) crude oil futures gained 1.13% in January, ending at \$72.53/barrel.

Market Indices <sup>1</sup>	January	Year-to-Date
S&P 500	2.78%	2.78%
Russell 3000	3.16%	3.16%
Russell 2000	2.62%	2.62%
MSCI EAFE	5.26%	5.26%
MSCI Emerging Markets	1.79%	1.79%
Bloomberg U.S. Aggregate Bond	0.53%	0.53%
Bloomberg U.S. Municipal Bond	0.50%	0.50%
Bloomberg U.S. Corporate High Yield	1.37%	1.37%

<sup>1</sup>FactSet (all equity performance is total return, which includes dividends).

Financial markets ended a rocky month broadly higher, with most asset classes including stocks, precious metals, and bonds posting gains. Technology was the only S&P 500 sector to end negative amid China's development of a potentially lower cost AI model, DeepSeek. Bullish sentiment was also capped by no reduction in interest rates and an overhang of imminent trade tariffs. During the final trading day of the month, the Trump administration announced it would impose tariffs on imports arriving from Mexico, Canada and China.

All three major U.S. equity indices returned to gains in January, courtesy of a strong start to the fourth quarter earnings season and newly inaugurated President Trump's support for pro-business tax cuts and deregulation. Wall Street received a further boost after three major tech giants pledged up to \$500B in AI development Project Stargate. Additionally backed by dovish consumer inflation and outsized retail sales data the S&P 500 notched its first new all-time high of 2025 on January 23.

In key economic data, the U.S. economy expanded at a solid pace, with fourth quarter 2024 GDP growth of 2.3%. The headline personal consumption expenditures (PCE) price index increased 2.6% from a year ago in December, slightly surpassing forecasts for a 2.4% increase. However, the Fed's preferred measure of inflation, the core PCE price index, which excludes volatile food and energy items, climbed to 2.8% on an annualized basis, matching forecasts. On a monthly basis, headline PCE prices rose 0.3% while core prices increased 0.2%, both in line with forecasts.

The fourth quarter earnings season is nearly 40% complete with S&P 500 company earnings surpassing analysts' estimates by 6.8% in aggregate with 77% topping projections. Overall, fourth quarter expectations signal revenue growth of 4.6% and earnings per share (EPS) growth of 10%. This compares to EPS growth of 8.7% expected as of December 31, 2024. Seven of 11 sectors are projected to record fourth quarter increases, with double-digit growth expected for communication services, consumer discretionary, financials, health care, information technology, and real estate, while declines are anticipated for consumer staples, energy, industrials, and materials.

All sizes and styles posted respectable January gains led by Mid cap Growth and Large cap Value. In contrast, Large cap Growth gained the least, followed by Small cap Value.

### January Returns

	Value	Blend	Growth
<b>Large Cap</b>	4.63%	3.18%	1.98%
<b>Mid Cap</b>	3.51%	4.25%	6.38%
<b>Small Cap</b>	2.05%	2.62%	3.16%

### Year-to-Date Returns

	Value	Blend	Growth
<b>Large Cap</b>	4.63%	3.18%	1.98%
<b>Mid Cap</b>	3.51%	4.25%	6.38%
<b>Small Cap</b>	2.05%	2.62%	3.16%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 01/31/2025.

Sector gains were led by Communication Services (+9.12%), followed by gains of over 6% in Healthcare and Financials. Consumer Staples and Real Estate gained the least.

<b>Top Sector Performers – January<sup>1</sup></b>	<b>Bottom Sector Performers – January<sup>1</sup></b>
Communication Services (+9.12%)	Consumer Staples (+2.04%)
Healthcare (+6.79%)	Real Estate (+1.84%)
Financials (+6.56%)	Technology (-2.90%)
<b>Top Sector Performers – YTD<sup>1</sup></b>	<b>Bottom Sector Performers – YTD<sup>1</sup></b>
Communication Services (9.12%)	Consumer Staples (+2.04%)
Healthcare (+6.79%)	Real Estate (+1.84%)
Financials (+6.56%)	Technology (-2.90%)

<sup>1</sup> FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign equities in developed markets widely outperformed relative to the U.S. last month with the MSCI EAFE Index advancing 5.26%. In MSCI EAFE country-specific indices, Germany led gainers, jumping 9.35%, followed by Switzerland (+8.15%) and France (+8.05%). Emerging markets recorded a smaller January gain of 1.79%, with Brazil's 12.42% rally largely offset by losses in Malaysia (-4.71%) and India (-3.56%) together with China's small 0.92% gain.

Despite intra-month swings, the yield on benchmark 10-year Treasury notes was little changed, ending January at 4.548%, down 0.02% for the month. The Bloomberg U.S. Government Index rose 0.52% in January while the longer-duration Bloomberg index of U.S. Government long-term bonds rose a lesser 0.42%.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index rose 0.53% last month. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, performed best with a 1.37% monthly gain. Municipal bonds trailed, gaining 0.50% in January.

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A diversified portfolio does not assure a profit or protect against loss in a declining market.

## Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman 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 debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond 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. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable 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, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

**West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.