

Weekly Recap

Economic Calendar

Monday, February 17

President's Day Holiday, All Markets Closed.

Tuesday, February 18

Empire State Manufacturing, Homebuilder Confidence.

Wednesday, February 19

Mortgage Activity, Housing Starts, Building Permits, FOMC Meeting Minutes.

Thursday, February 20

Jobless Claims, Philadelphia Fed Manufacturing, Leading Economic Indicators.

Friday, February 21

S&P U.S. flash Services & Manufacturing PMIs, Consumer Sentiment, Existing Home Sales.

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[Shelter Inflation Slows to 3-Year Low](#)

[Small Business Optimism Weakens](#)

[Nasdaq Has Weak Breadth](#)

[The Week Ahead Video](#)

Stocks Rebound

Relief Rally Hemmed in by Sticky Inflation

All three major U.S. equity averages ended positive last week, capping gains for the first time in three weeks. Investor sentiment improved after President Trump outlined plans for reciprocal tariffs but in relief, he opted to delay implementation with offers for impacted nations to conditionally negotiate alternatives. Equities were also supported by renewed AI optimism and further broadening in quarterly earnings growth. Meanwhile, a slowdown in retail sales and slightly hotter-than-expected consumer and wholesale inflation reports kept a lid on gains.

For the Week...

The S&P 500 advanced 1.52%, the Dow Jones Industrial Average rose 0.65%, and the tech-heavy Nasdaq Composite jumped 2.60%. The small cap focused Russell 2000 Index rose just 0.05%. Internationally, the MSCI EAFE Index outperformed the U.S., climbing 2.65% while Emerging Markets rallied 1.54%.

Retail Sales Contract

Overall retail sales fell 0.9% in January, the largest monthly decline in almost two years, as consumers took a break from holiday shopping season. A severe cold snap was also cited, keeping people homebound. The decline exceeded economists' consensus forecast, calling for a smaller 0.2% decline from December's 0.7% increase.

Weekly Sector Insights

Nine of the 11 major S&P 500 sector groups finished positive last week, led by Technology (+3.79%), Communication Services (+1.99%) and Consumer Staples (+1.78%). Real Estate (+0.24%) and Industrials (+0.19%) gained the least while Healthcare (-1.06%) and Financials (-0.03%) declined. All 11 sectors are positive in year-to-date performance, with Communication Services (+8.92%) and Financials (+7.22%) up the most while Technology (+1.62%) and Consumer Discretionary (+0.98%) up the least.

Treasury Yields Tick Lower

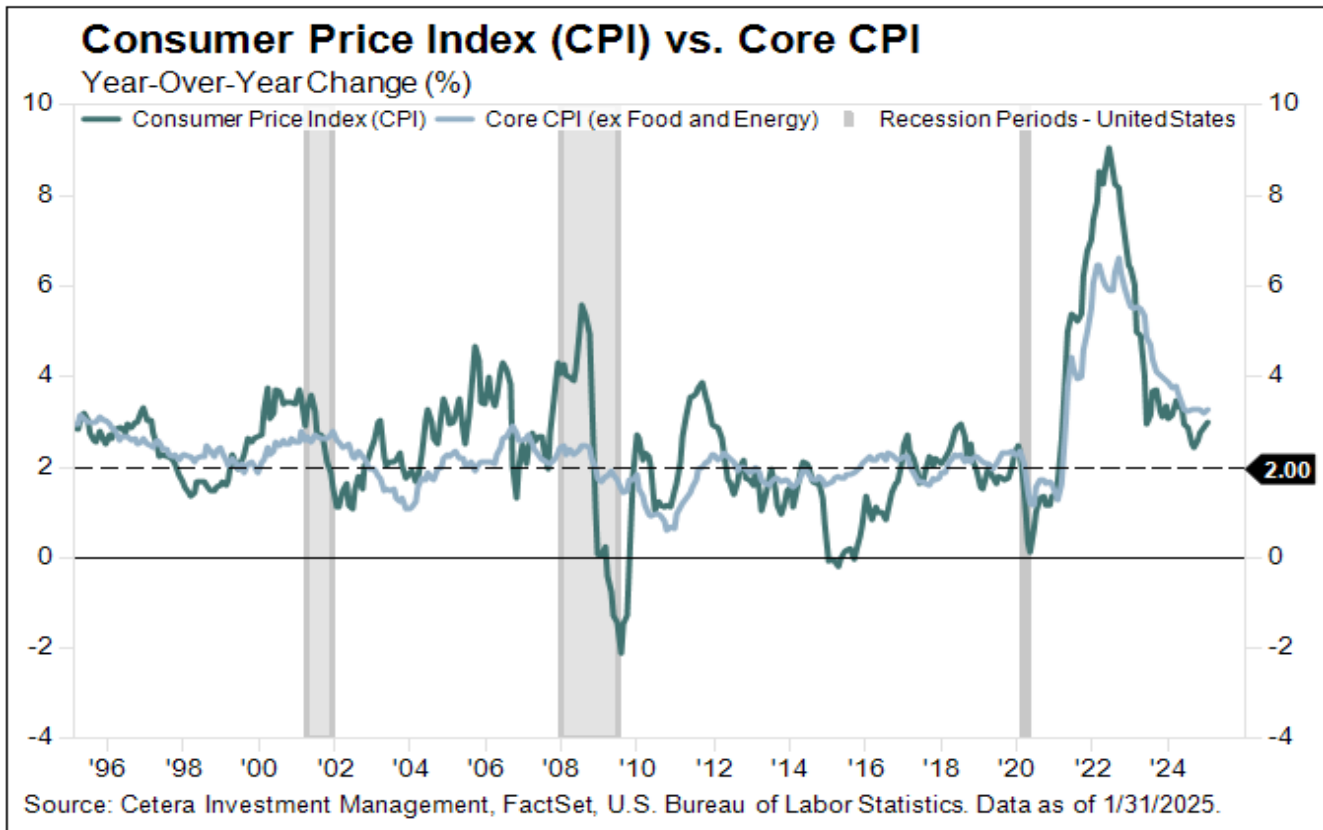
Despite intra-week volatility, the yield on 10-year Treasury notes ended Friday little changed at 4.477%, down just 0.01% for week. The U.S. Dollar Index weakened by 1.2% and gold futures rose 0.5%, reaching new record highs above \$2,900 and capped its seventh consecutive weekly gain at \$2,900.70/ounce. U.S. WTI crude oil futures slipped 0.3% for the week ending Friday at \$70.74/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.65%	0.10%	2.30%	4.89%	18.14%	11.05%
S&P 500	1.52%	1.29%	3.13%	4.11%	23.96%	13.31%
NASDAQ Composite	2.60%	2.06%	4.99%	3.76%	27.16%	14.13%
Russell 3000	1.33%	1.09%	3.01%	4.28%	23.55%	12.57%
Russell 2000	0.05%	-0.28%	-2.12%	2.33%	14.86%	5.63%
MSCI EAFE	2.65%	2.90%	7.28%	8.30%	13.38%	5.99%
MSCI Emerging Markets	1.54%	2.95%	4.12%	4.79%	15.37%	-0.09%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.19%	0.58%	1.00%	1.12%	4.42%	-0.72%
Bloomberg Municipal Bonds	-0.22%	0.21%	0.31%	0.71%	2.57%	0.80%
Bloomberg US Corp High Yield	0.26%	0.26%	1.71%	1.63%	10.20%	5.06%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	1.68%	3.68%	11.55%	7.78%	16.63%	2.71%
S&P GSCI Crude Oil	-0.34%	-2.51%	3.18%	-1.41%	-7.40%	-8.88%
S&P GSCI Gold	0.45%	2.32%	11.72%	9.83%	44.72%	15.75%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Sticky Inflation



Inflation was hotter than expected in January. Headline CPI increased by 0.5% month-over-month (+0.4% projected), marking the largest monthly increase since August 2023. Core CPI also came in ahead of expectations, rising 0.4% in January (+0.3% projected). There has been a lot of progress in getting inflation down from the 2022 peak, but inflation remains sticky above the Fed's long-term target of 2.0%. Headline CPI is +3.0% year-over-year and Core CPI is +3.3% year-over-year.

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

Glossary

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 **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

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 index.

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 **Bloomberg US 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 have a fluctuating average life of around 8.25 years.

The **Bloomberg 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.

The **Bloomberg 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.

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

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

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

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.