

Economic Calendar

Monday, February 26
New Home Sales.

Tuesday, February 27
Durable Goods Orders, S&P Case-Shiller Home Prices, Consumer Confidence.

Wednesday, February 28
Mortgage Activity, 4Q GDP revision. Advance Goods-only Trade Balance, Retail/Wholesale Inventories, ISM Chicago-area Business Activity.

Thursday, February 29
Jobless Claims, Personal Incomes/Spending, PCE Index, PCE Prices, Pending Home Sales.

Friday, March 1
S&P/ISM Manufacturing PMIs, Construction Spending, Consumer Sentiment.

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WEEKLY RECAP

February 19-23, 2024 Recap

S&P 500 Ends at All-Time High

Small Caps Backpedal

All three major U.S. equity indices more than recouped prior week losses amid renewed optimism that was bolstered by a solid blowout earnings report from the world's leading AI chipmaker. Its earnings resulted in the largest single-day increase for a U.S. company in history (greater than \$277B in market value) and drove the S&P 500 and Nasdaq to weekly gains for the 15th time in the past 17 weeks. The majority of economic reports were also supportive to markets last week, highlighting a stronger economy and still healthy labor market.

For the Week...

The S&P 500 advanced 1.68%, scoring its 14th record high this year. The Dow Jones Industrial Average rose 1.30% and the tech-heavy Nasdaq Composite gained 1.41%. After several weekly gains, the small cap focused Russell 2000 Index underperformed, capping a 0.77% loss for the week.

LEI No Longer Signals a Recession

The U.S. Leading Economic Indicator (LEI) index fell 0.4% in January (-0.3% expected) and follows a revised 0.2% December decline. Yet notably, while the declining LEI continues to signal headwinds to economic activity, for the first time in the past two years, six out of its ten components were positive contributors over the past six-month period. As a result, the LEI no longer signals a recession ahead.

Weekly Sector Insights

All 11 major S&P 500 sectors posted gains last week, led by Consumer Staples (+2.13%), Technology (+1.97%), and Materials (+1.93%). Consumer Discretionary, Healthcare, and Communication Services each gained around 1.5%, while Real Estate (+0.92%) and Energy (+0.45%) gained the least. On a year-to-date basis, Communication Services (+11.91%) and Technology (+9.71%) continue to top the 2024 year-to-date leaderboard.

Treasury Yields Remain Flat

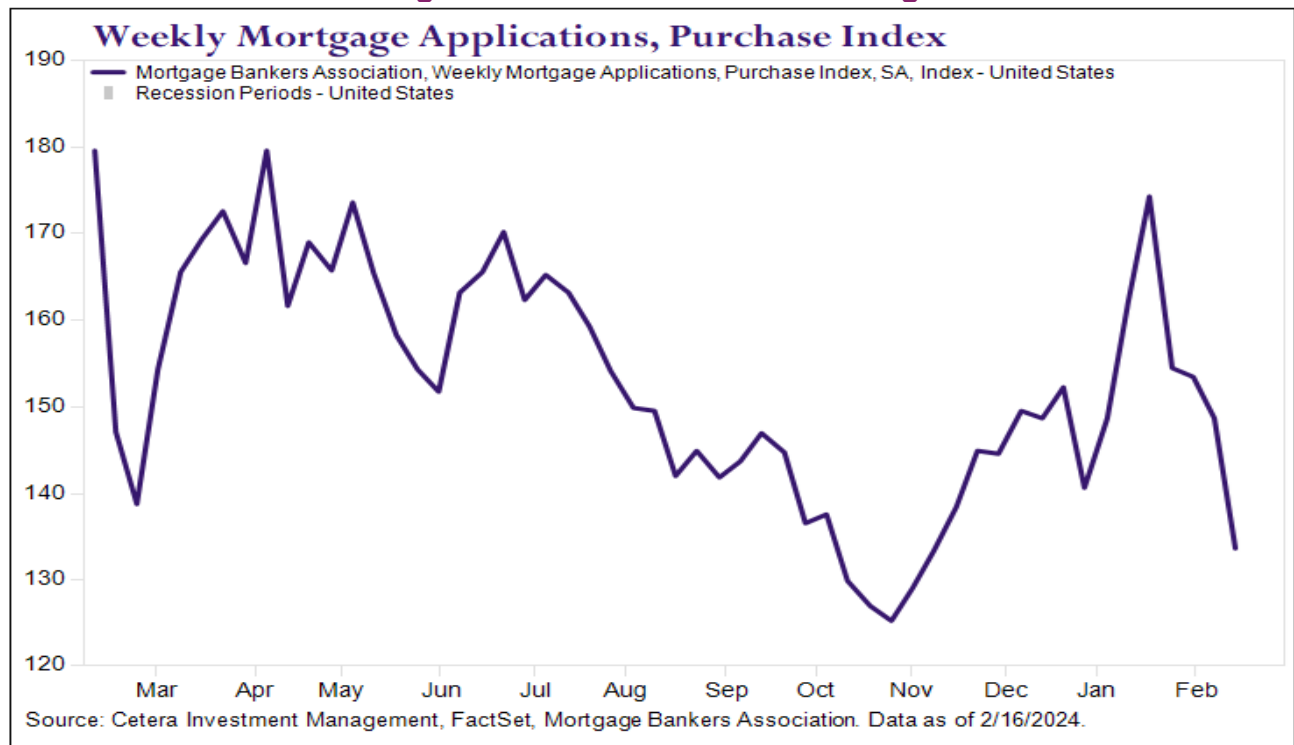
This week's release of the Fed's January FOMC meeting minutes failed to provide any new insights, but the narrative continued to support the Fed's hawkish-leaning rate outlook for higher-for-longer interest rates. The yield on 10-year Treasury notes ended the week at 4.257%, down 0.03% from the week prior.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.30%	2.75%	11.48%	4.10%	20.54%	9.64%
S&P 500	1.68%	5.15%	12.10%	6.91%	28.88%	11.16%
NASDAQ Composite	1.41%	5.57%	12.34%	6.67%	39.14%	6.73%
Russell 3000	1.43%	5.05%	12.38%	6.22%	26.90%	9.09%
Russell 2000	-0.77%	3.66%	12.71%	-0.37%	7.38%	-2.00%
MSCI EAFE	1.44%	1.90%	8.65%	2.49%	14.08%	3.46%
MSCI Emerging Markets	1.23%	5.47%	4.41%	0.57%	6.85%	-7.43%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.25%	-1.50%	2.78%	-1.77%	2.92%	-3.21%
Bloomberg Municipal Bonds	0.15%	-0.05%	3.39%	-0.56%	5.23%	-0.45%
Bloomberg US Corp High Yield	0.42%	0.27%	5.02%	0.27%	11.28%	1.68%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-0.78%	-2.87%	-5.35%	-2.49%	-5.09%	6.08%
S&P GSCI Crude Oil	-2.51%	0.84%	-0.79%	6.76%	1.46%	7.43%
S&P GSCI Gold	1.25%	-0.87%	1.80%	-1.08%	12.19%	4.30%

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

Chart of the Week: Housing Demand Falls as Rates Rise Again



Mortgage purchase applications took a nosedive last week, falling 10.1% (seasonally adjusted) from the week prior. Purchase applications are 23% lower than the 2024 peak reached in mid-January and falling as mortgage rates move higher. The average 30-year mortgage rate climbed back above 7% last week. Buyers are extremely rate sensitive at these levels. Home purchase demand is slowing ahead of the spring buying season.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on X.

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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.