

WEEKLY INSIGHT

January 17, 2025

It Keeps Going and Going and...

Last week, Justin highlighted the “turn-of-the-year trinity,” an article worth reviewing given some observations from this past week. Over the last week, United States equities appear to be repeating a theme of leadership. Broad United States equity indexes all exhibited positive returns, as the Russell 3000 rose 0.7%. Small caps increased 1.1%, while large caps advanced 0.7%. Outside the United States, equity markets were weaker as the MSCI All-Country World Index ex-USA (ACWI x-USA) fell 0.7%. Emerging markets declined 1.4%, while foreign developed markets dropped 0.3%.

Year-to-date (YTD), the Russell 3000 has advanced 1.4%, as large caps rose 1.4%, while small caps increased 1.5%. Interestingly, while large cap value has outperformed large cap growth YTD (+2.1% versus +0.9%, respectively) within small caps growth has outperformed value YTD (+1.7% versus +1.4%). Foreign markets, in aggregate, lag the United States as ACWI x-USA has declined 0.4% YTD, primarily pulled down by the decline of 1.7% YTD in emerging markets which fully offset the modest gain of 0.1% YTD within developed markets.

Earnings Season Begins

We are in the midst of earnings season as companies are reporting for the fourth quarter 2024. According to London Stock Exchange Group (LSEG), 34 companies within the S&P 500 have reported earnings exhibiting year-over-year (YOY) growth of 42.4%. When considering estimates for companies yet to report, analysts project overall earnings will grow 10.7% YOY. Yesterday, major banks reported which fueled a rise in United States equity indexes across the board.

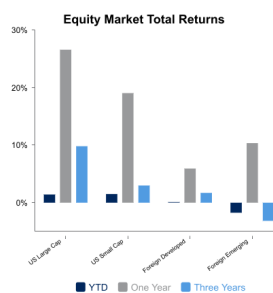
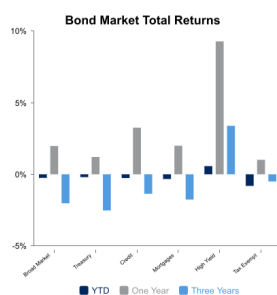
For the Russell 2000, 42 companies have reported earnings which exhibit a contraction of 2.6% YOY. When considering estimates for companies yet to report, analysts project overall earnings will grow 43.6% YOY.

Outside the United States, analyst expectations appear subdued relative to that of the United States. While 29 companies within the MSCI ACWI ex-USA index have reported earnings growth of 24.9% YOY, analyst estimates for companies yet to report project overall earnings will grow 4.3% YOY, materially lower than that of their United States peers.

On the Economic Front

Unemployment for December was reported last Friday, and private nonfarm payrolls rose 223,000 which exceeded consensus expectations of 136,500. Overall, nonfarm payrolls rose 256,000 versus consensus of 153,000. Hourly earnings rose 3.9% YOY, which outpaced inflation as the Consumer Price Index rose 2.9% in December.

Treasury yields declined given the perceived softening in underlying inflation implying that the Fed remained on course to cut interest rates this year. For the week, bonds rose 0.2% yet have declined 0.2% YTD.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper b)	4.50	5.50	0.25
3-Month T-Bill	4.30	5.36	0.11
10-Year Treasury	4.65	4.06	1.78
30-Year Treasury	4.88	4.29	2.12
10-Year Corporate AA	5.40	4.93	2.09
10-Year High Yield Corp.	6.71	6.55	3.90
Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz)	2,696	2,028	1,818
Oil (WTI, \$/barrel)	80.04	72.40	83.82
Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	109.09	103.36	95.17
USD/EUR	0.97	0.92	0.88
USD/JPY	156.47	147.19	114.19

Keith Akre, CFA, CFP
Director of Trust & Investment Services
(815) 748-1443

Mary Phelan, CTFA
Senior Trust Officer
(815) 748-1607

Carolyn Walsh, CTFA
Trust Officer
(815) 748-1640

Carrie Thompson, JD
Trust Officer & Legal Counsel
(815) 748-5012

Stacia Little
Trust Officer
(815) 748-1609