

Market and Economic Highlights

- ▶ The Fed held rates steady in January as Fedspeak expressed caution on inflation
- ▶ AI-linked U.S. stocks declined on China's low-cost DeepSeek AI model
- ▶ Fourth quarter corporate earnings and revenue growth have been strong
- ▶ The Russell 2000 small cap index was positive in January after an 8% loss in December
- ▶ December nonfarm payrolls were stronger than expected and unemployment declined to 4.1%

Sources: FactSet, Bloomberg

Market Returns

Market Index	1-Month	3-Month	YTD	1-Year
Bloomberg 9-12 Month T-Bill	0.34%	1.16%	0.34%	5.10%
Bloomberg 1-5 Year Government	0.50%	0.78%	0.50%	3.51%
Bloomberg Intermediate U.S. Gov/ Credit A or Better	0.56%	0.53%	0.56%	3.09%
Bloomberg Intermediate U.S. Agg.	0.55%	0.46%	0.55%	3.03%
S&P 500	2.78%	6.21%	2.78%	26.35%
Russell 2000	2.62%	4.47%	2.62%	19.08%

Source: Bloomberg; As of 1/31/25

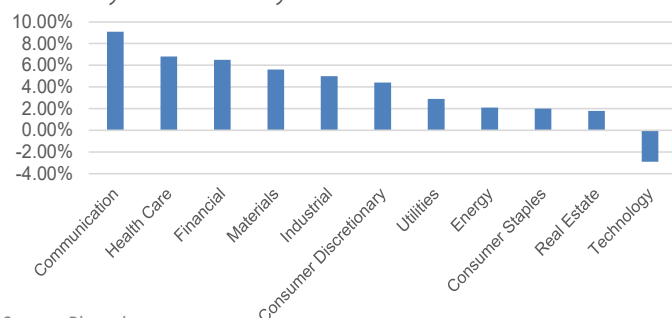
FEATURED MARKET DATA

Stocks Turn Higher in January

U.S. equities ended higher in January following December declines as markets expressed relief from no immediate actions on tariffs. However, news on possible Mexico, Canada and China tariffs was quickly developing near month-end and in the first days of February. Turning to sector performance for January, Communications saw the strongest growth driven by tech-related names like META and Google. Health Care bounced back from December and Financials gained on deregulation dynamics. Technology was the only sector to decline as U.S. stocks linked to AI, such as Nvidia, fell after China's low-cost DeepSeek AI model sparked a selloff on concerns U.S. companies have spent too much on development of AI.

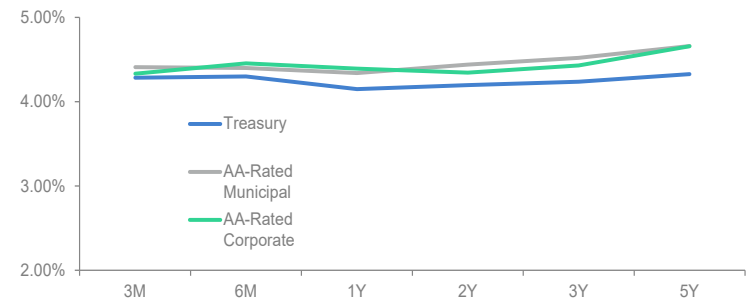
Source: Bloomberg

January Returns by S&P 500 Sector



Source: Bloomberg

Market Yields



Source: Bloomberg Finance L.P. 1/31/25

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	01/15/25	DEC	2.9%	2.9%	2.7%
S&P Case Shiller 20-City Home Price Index (YoY)	01/28/25	NOV	4.24%	4.33%	4.23% (R)
Consumer Confidence	01/28/25	JAN	105.7	104.1	109.5 (R)
GDP Annualized QoQ	01/30/25	4Q A	2.6%	2.3%	3.1%
Personal Consumption	01/30/25	4Q A	3.2%	4.2%	3.7%
Core PCE (YoY)	01/31/25	DEC	2.8%	2.8%	2.8%
ISM Manufacturing	02/03/25	JAN	50.0	50.9	49.2 (R)
Change in Nonfarm Payrolls	02/07/25	JAN	141K	--	223K
Unemployment Rate	02/07/25	JAN	4.1%	--	4.1%

Source: Bloomberg Finance L.P. 2/3/25. Glossary terms on following page.

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Glossary of Terms

Term	What is it:
Building Permits	Records the number of permits for future housing construction.
Capacity Utilization	Tracks the extent to which capacity is being used in the production of goods and services.
Change in Nonfarm Payrolls	This indicator measures the change in the number of employees on business and government payrolls.
Chicago Fed National Activity Index	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
Consumer Confidence	Index examines how consumers feel about jobs, the economy and spending.
Consumer Price Index (CPI)	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
Core Consumer Price Index (Core CPI)	This measure of CPI excludes food and energy costs.
Durable Goods Orders	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
Existing Home Sales	Measures monthly sales of previously owned single-family homes.
GDP Annualized QoQ	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
Housing Starts	Records the number of new housing units started during a period.
Index of Leading Economic Indicators (LEI)	An index designed to predict the direction of the economy.
Initial Jobless Claims	Tracks new filings for unemployment insurance benefits.
ISM Manufacturing	Measures manufacturing activity based on a monthly survey of purchasing managers.
MBA Mortgage Applications	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
Mortgage Delinquencies	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
Personal Consumption Expenditure (PCE)	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
Personal Income and Spending	Index records the income Americans receive, how much they spend, and what they save.
Retail Sales	Tracks the sale of new and used goods for personal or household consumption.
Retail Sales Ex. Auto	Retail sales excluding motor vehicles and parts.
S&P Case-Shiller Home Price Index	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
Unemployment Rate	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, The Secrets of Economic Indicators by Bernard Baumohl; PMA Asset Management, LLC

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