

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned 1.68% in January.
- ▶ Within the S&P, five of the 11 sectors posted positive returns. The Telecom sector was the best performer for the month, returning 5.02%, while the second-best performing sector, Information Technology, posted a return of 3.95%. Real Estate was the worst performing sector, posting a return of -4.74%.
- ▶ Positive returns were seen only in large capitalizations, with small-caps (Russell 2000) returning -3.89%, mid-caps (Russell Mid Cap Index) returning -1.42%, and large-caps (Russell 1000 Index) returning 1.39%. Growth stocks outperformed value stocks across all capitalizations.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -0.99%. Developed markets, represented by the MSCI EAFE Index, saw returns of 0.58%. Within Developed markets, Netherlands, as represented by MSCI Netherlands Index, performed the best in January with a return of 6.07%, due to the strong performance of ASML, a semiconductor company that represents 23% of the index.
- ▶ Emerging markets (EM), represented by the MSCI Emerging Markets Index, saw returns of -4.64% in January. This was, in part, due to a negative month for Chinese equities, as represented by MSCI China Index, which returned -10.61%, while India, as represented by the MSCI India Index, saw modest positive returns of 2.41%.
- ▶ Within the ACWI ex-U.S. Index, two of the 11 sectors posted positive returns. Healthcare was the best performing sector, with a return of 1.09%. Information Technology, the second-best performer in January, posted a return of 0.85%. Materials was the worst performing sector, posting a return of -6.25%.

Fixed Income

- ▶ Treasury yields steepened during the month. On the long end, the yield on the 10-year increased by three basis points (bps) and the yield on the 30-year increased by 14 bps. On the shorter end, the yield on the 2- and 5-year decreased four bps and one bps respectively, causing the Broad Treasury Index to return -0.18% for the month.
- ▶ The Bloomberg U.S. Aggregate Index (Aggregate) returned -0.27% in January. Investment-grade (IG) credit as a whole returned -0.18%, AAA-rated bonds returned 0.03%, AA-rated bonds returned -0.41%, A-rated bonds returned -0.22%, and BBB-rated bonds returned -0.13%. High-yield corporates saw a return of 0.00% during the month.

Alternatives and Other Asset Classes

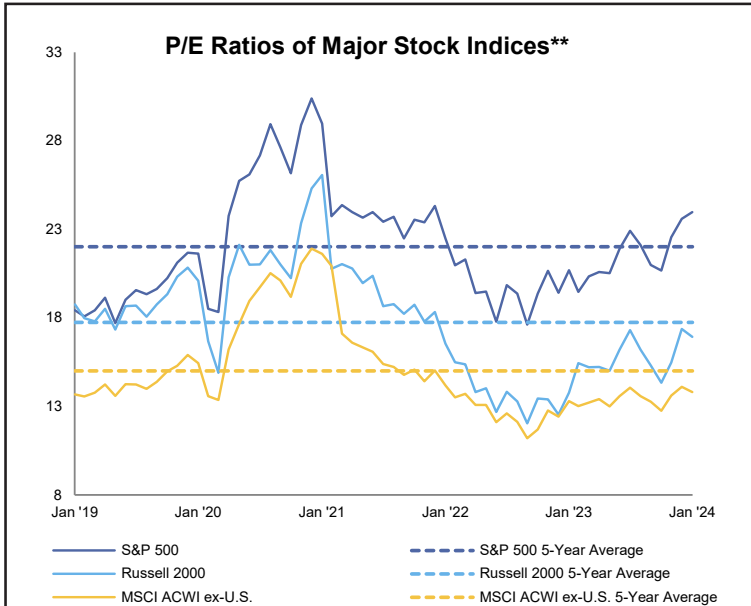
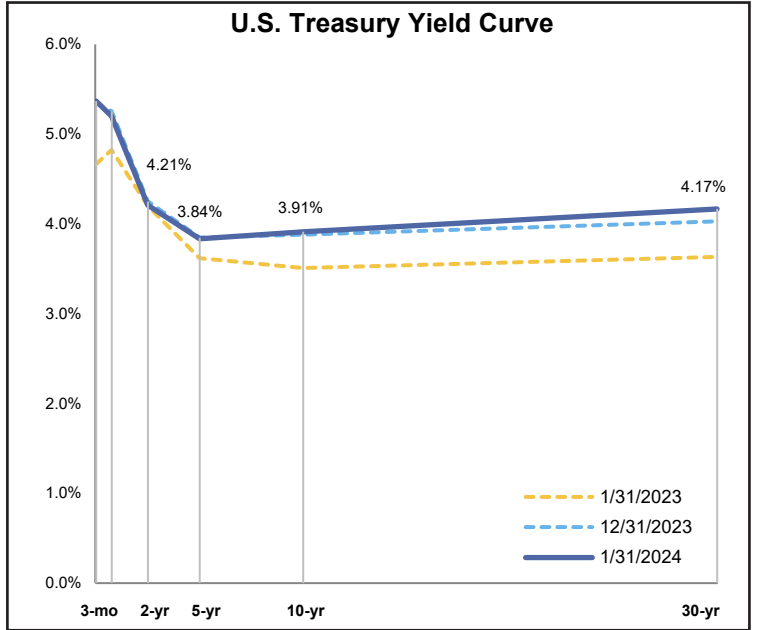
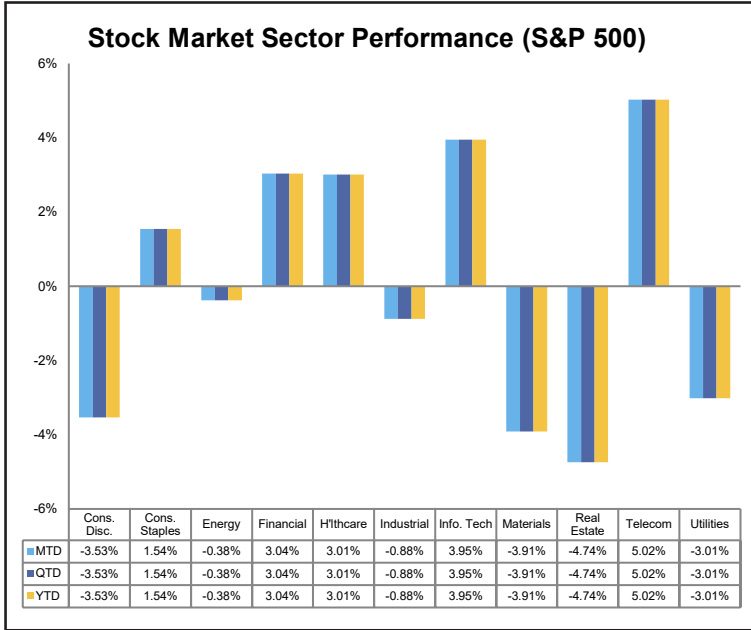
- ▶ Real estate investment trusts (REITs), represented by the FTSE NAREIT Index, returned -4.15% in January. Eight of the nine real estate sectors had negative returns for the month. The Data Centers sector did the best, returning 3.50%. The worst performing sector of the month was Self-Storage, returning -8.18%.
- ▶ Listed infrastructure, represented by, MSCI World Infrastructure Index, returned -3.12% for the month. Energy and Utilities returned -0.38% and -3.01% respectively during the month.
- ▶ The active contract for West Texas Intermediate (WTI) crude rose to \$75.85/barrel in January, up \$4.20 from \$71.65/barrel at the end of December.

Items to Watch

- ▶ In the fourth quarter, U.S. real gross domestic product (GDP) grew at an annual rate of 3.3% according to the advance estimate. This was higher than the forecast of 2%, and followed a 4.9% rate in Q3 as significantly higher exports and continued strength in consumer spending supported growth. The eurozone narrowly avoided a second straight quarter of contraction, expanding 0.1% year-over-year (YoY) in the fourth quarter. Among its member states, growth was mixed as Germany shrank 0.2%, consistent with soft manufacturing and trade activity, while France grew slightly at 0.7%.
- ▶ Consumer price inflation (CPI) rose slightly to 3.4% in December from a five-month low of 3.1% in November, mainly due to higher shelter and energy costs. Excluding food and energy, Core CPI continued its 15-month trend of cooling, with a rate of 3.9% in December, below November's 4%. In the Eurozone, inflation pressures are also easing, with the YoY CPI Index slowing to 2.8% in January, well below its 2022 peak of 10.6%.
- ▶ Despite this positive data, the Federal Reserve (Fed) shared sentiments regarding the unlikely scenario for a March rate cut in its post meeting commentary. After choosing to keep the target rate unchanged at its current range of 5.25% to 5.50% in January, the Fed underlined the importance of data in its policy decisions and its careful consideration of timing in order to balance the risk of cutting either too soon or too late.
- ▶ U.S. ISM purchasing manager index (PMI) improved in January, though activity remains mixed, with manufacturing still slightly contractionary at 49.1 and services in expansionary territory at 53.4. New orders were the primary strength in both. China's manufacturing saw no change from December, with a reading of 50.8, which is above the market forecast of 50.6. Manufacturing activity continues to contract in the Eurozone though at a somewhat slower pace — HCOB Eurozone Manufacturing PMI rose to 46.6 in January.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	1.68%	1.68%	1.68%	20.79%
Russell 3000	1.11%	1.11%	1.11%	19.12%
Russell 2000	-3.89%	-3.89%	-3.89%	2.36%
Russell 1000	1.39%	1.39%	1.39%	20.21%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-0.99%	-0.99%	-0.99%	5.88%
MSCI EAFE	0.58%	0.58%	0.58%	10.01%
MSCI Emerging Markets	-4.64%	-4.64%	-4.64%	-2.94%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	-0.27%	-0.27%	-0.27%	2.10%
Bloomberg Barclays Global Agg	-1.38%	-1.38%	-1.38%	0.94%
Bloomberg Barclays U.S. HY	0.00%	0.00%	0.00%	9.28%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
FTSE Global Core Infrastructure	-3.12%	-3.12%	-3.12%	-2.80%
FTSE NAREIT Equity	-4.15%	-4.15%	-4.15%	-1.50%
Bloomberg Commodity	-0.09%	-0.09%	-0.09%	-11.84%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	3.7%	3.7%
Initial Jobless Claims (4 week average)	207.8 K	202.5 K
CB Leading Economic Indicators	-0.1	-0.5
Capacity Utilization	78.6%	78.6%
GDP (annual growth rate)	3.3%	4.9%
University of Michigan Consumer Confidence	78.8	69.7
New Home Starts	664 K	615 K
Existing Home Sales	3.8 MM	3.8 MM
Retail Sales (YoY)	4.5%	3.4%
U.S. Durable Goods (MoM)	0.0%	5.5%
Consumer Price Index (YoY)	3.4%	3.1%
Producer Price Index (MoM)	-0.1%	-0.3%
Developed International*	9/30/2023	6/30/2023
Market GDP (annual rate)	1.5%	1.9%
Market Unemployment	4.4%	4.3%



Source: Bloomberg. Data as of January 31, 2024, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2023 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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