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Market Week: January 8, 2024

The Markets (as of market close January 5, 2024)

After pulling off a surprisingly strong rally in the fourth quarter of 2023, the stock market took a tumble during the first week of the new year. All five of the indexes listed here ended lower, with the Russell 2000 and the Nasdaq seeing the largest losses. Information Technology and Consumer Discretionary were the two worst-performing sectors, while health care, utilities, and energy posted decent gains. A solid jobs report pushed ten-year Treasury yields above 4.0% on Friday. Oil prices were volatile but ended the week 3.4% higher, primarily due to rising tensions in the Red Sea.

Investors were met with disappointment on the first trading day of 2024. The Nasdaq dropped 1.6% last Tuesday, followed by the Russell 2000 (-0.7%) and the S&P 500 (-0.6%). The Global Dow dipped 0.3% while the Dow eked out a tiny gain (0.1%). The yield on 10-year Treasuries rose to 3.94%, and the dollar had its biggest daily advance since March. Crude oil prices slid 1.6% to about $70 per barrel.

Stocks stumbled for the second session in a row on Wednesday, with all of the major indexes listed below closing in the red. The small caps of the Russell 2000 suffered the worst loss (-3.4%) since March. The Nasdaq fell 1.2%, followed by the Global Dow (-0.9%), the S&P 500 (-0.8%), and the Dow (-0.8%). The 10-year Treasury yield ticked down to 3.90%. Crude oil prices spiked more than 3.7% as troubling news continued to flow out of the Middle East. The price of gold fell, and the dollar advanced.

On Thursday, the Nasdaq suffered its fifth straight day of losses (-0.6%) and the S&P 500 posted its fourth decline in a row (-0.3%). The Russell 2000 ticked down a bit (-0.1%) and the Dow was flat, but the Global Dow notched a 0.4% gain. Eight of the market sectors experienced declines, while health care, financials, and industrials managed gains. Gold advanced, crude oil fell, and the dollar was little changed.

Friday was somewhat uneventful on Wall Street, but four of the five stock indexes listed below ended slightly higher after multiple days of declines. The Global Dow moved up 0.3%, followed by the S&P 500 (0.2%). The Nasdaq and the Dow each ticked up 0.1%, while the Russell 2000 dipped 0.3%. Crude oil prices rose more than 2.0%. Gold prices and the dollar were mostly flat.

Key Dates/Data Releases
1/9: International trade in goods and services
1/11: Consumer Price Index, Treasury budget
1/12: Producer Price Index

Stock Market Indexes

Market/Index	2023 Close	Prior Week	As of 1/5	Weekly Change	YTD Change
DJIA	37,689.54	37,689.54	37,466.11	-0.59%	-0.59%
Nasdaq	15,011.35	15,011.35	14,524.07	-3.25%	-3.25%
S&P 500	4,769.83	4,769.83	4,697.24	-1.52%	-1.52%
Russell 2000	2,027.07	2,027.07	1,951.14	-3.75%	-3.75%
Global Dow	4,355.28	4,355.28	4,336.25	-0.44%	-0.44%
fed. funds target rate	5.25%-5.50%	5.25%-5.50%	5.25%-5.50%	0 bps	0 bps
10-year Treasuries	3.86%	3.86%	4.04%	18 bps	18 bps
US Dollar-DXY	101.39	101.39	102.44	1.04%	1.04%
Crude Oil-CL=F	$71.30	$71.30	$73.73	3.41%	3.41%
Gold-GC=F	$2,072.50	$2,072.50	$2051.30	-1.02%	-1.02%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.

Last Week's Economic News

- According to the Labor Department's closely watched payrolls report, there were 216,000 new jobs added in December, up from 173,000 in November. The change in employment for October and November was revised downward, such that the combined total for those months was 71,000 lower than previously reported. Employment continued to grow in government, health care, social assistance, and construction, while transportation and warehousing shed jobs. For all of 2023, employers added 2.7 million jobs, less than the 4.8 million added in 2022, but more than in the several years preceding the pandemic. The unemployment rate and number of unemployed persons were essentially unchanged at 3.7% and 6.3 million, respectively, in December. One year ago in December 2022, the jobless rate was 3.5% and there were 5.7 million unemployed persons. In December 2023, the labor force participation rate, at 62.5%, and the employment-population ratio, at 60.1%, both fell by 0.3 percentage point. Average hourly earnings rose by $0.15, or 0.4%, to $34.27 in December. Over the past 12 months, average hourly earnings have increased by 4.1%. The average workweek edged down by 0.1 hour to 34.3 hours in December.
- According to the S&P Global US Manufacturing Purchasing Managers' Index™, the manufacturing sector slipped further into contraction in December. Output declined and the downturn in new orders picked up speed. A decrease in total new sales reflected weakening demand conditions, which also led to the third successive monthly drop in employment. Inflationary pressures intensified, as cost burdens rose sharply and selling prices increased at the quickest pace since April. Nevertheless, business confidence rose to a three-month high.
- The pace of expansion in the U.S. service sector picked up marginally in December, driven by the fastest upturn in new business since June. The S&P Global US Services PMI™ rose to 51.4 in December, up from 50.8 in November. Employment growth was the quickest in six months. Service providers reported a steeper rise in input costs resulting from higher wages and food prices, but selling prices increased at one of the weakest rates in over three years.
- According to the latest Job Openings and Labor Turnover Summary, the number of job openings in November was little changed at 8.8 million, the lowest level since March 2021. In November, the number of hires decreased to 5.5 million (-363,000), and the number of separations decreased to 5.3 million (-292,000). The quits rate ticked down to 3.5% (-157,000), the lowest level since September 2020. The moderation in quits in recent months may indicate that Americans are less confident in their ability to find new or better-paying jobs. All in all, the report seemed to confirm the Fed's expectation that a cooling labor market will limit wage increases and help slow inflation.
- The national average retail price for regular gasoline was $3.089 per gallon on January 1, $0.027 per gallon lower than the prior week's price and $0.134 less than a year ago. Also, as of January 1, the East Coast price decreased $0.030 to $3.087 per gallon; the Midwest price fell $0.063 to $2.795 per gallon; the Gulf Coast price decreased $0.031 to $2.653 per gallon; the Rocky Mountain price fell $0.075 to $2.786 per gallon; and the West Coast price increased $0.064 to $4.115 per gallon.
- For the week ended December 30, there were 202,000 new claims for unemployment insurance, a

decrease of 18,000 from the previous week's level, which was revised up by 2,000. According to the Department of Labor, the advance rate for insured unemployment claims for the week ended December 23 was 1.2%, a decrease of 0.1 percentage point from the previous week's unrevised rate. The advance number of those receiving unemployment insurance benefits during the week ended December 23 was 1,855,000, a decrease of 31,000 from the previous week's level, which was revised up by 11,000. States and territories with the highest insured unemployment rates for the week ended December 16 were New Jersey (2.4%), Alaska (2.2%), Montana (2.2%), California (2.1%), Minnesota (2.1%), Massachusetts (1.9%), Rhode Island (1.9%), Washington (1.9%), Illinois (1.8%), New York (1.8%), Pennsylvania (1.8%), and Puerto Rico (1.8%). The largest increases in initial claims for unemployment insurance for the week ended December 23 were in California (+4,911), New Jersey (+4,713), Missouri (+4,684), Ohio (+2,712), and Pennsylvania (+2,329), while the largest decreases were in Texas (-1,212), Oklahoma (-539), West Virginia (-406), Colorado (-335), and Utah (-262).

Eye on the Week Ahead

The market will likely be attuned to two important inflation measures to be released later this week. The Consumer Price Index (CPI) for December will be available on Thursday, followed by the Producer Price Index (PPI) on Friday. The CPI increased 0.1% in November and saw its annual rate drop to 3.1%. The PPI was unchanged in November and increased just 0.9% over the previous 12 months.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.
