

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Institute for Supply Management's (ISM) manufacturing index increased by 1.7 points to 50.9 in January, signaling expansion for the first time since 2022. (Levels above 50 signal expansion; levels below contraction.)
 - The growth was driven by a rise in new orders and stronger production levels.
- Job openings fell from 8.16 million in November to 7.6 million in December, the lowest since September 2024.
 - Professional and business services, healthcare, and finance sectors drove the decline.
 - The quits rate stayed at 2%, indicating lower worker confidence in finding new jobs, and the hiring rate remained at 3.4%, one of the lowest in the past decade. At the same time, layoffs held steady at historically low levels.
 - The ratio of job openings per unemployed worker remained at 1:1, far below the 2:1 peak in 2022.
- The ISM services index fell to 52.8 in January from 54 in December 2024, indicating a slowdown in growth.
 - The decline was driven by a drop in new orders, which fell to a seven-month low.
- The U.S. Added 143,000 jobs in January, which was below the consensus estimate of 175,000.
 - The unemployment rate fell to 4.0%, slightly lower than the forecast of 4.1%.
- Annual government revisions lowered 2024 job gains by 589,000 jobs. A less severe revision than the previous estimate of an 818,000 job markdown.
 - On average, job growth in 2024 was revised down to 166,000 per month compared to the originally reported 186,000 per month.

How does ISM and labor market data impact you?

- The latest economic data signals a moderating but still resilient economy with slowing job growth and declining job openings while manufacturing expanded for the first time in over two years. The service sector is losing momentum, and rising inflation expectations, particularly with higher wage growth, suggest the Federal Reserve (Fed) is likely to keep rates steady in the near term. Markets may experience volatility due to economic uncertainty, potential tariff impacts, and the Fed's data-dependent approach, with rate cuts unlikely until later in 2025 unless inflation cools meaningfully.



A LOOK FORWARD¹

- Next week, key U.S. economic releases include the Consumer Price Index (CPI), the Producer Price Index (PPI), and Retail Sales, offering insights into inflation trends in consumer spending.

How do inflation and retail sales impact you?

- CPI and PPI data will be closely watched to assess inflation pressures as higher readings could delay Fed rate cuts, while softer data may support easing. Retail sales will reveal consumer spending strength, with strong numbers signaling resilience and weak data suggesting economic cooling.



MARKET UPDATE²

Market Index Returns as of 2/7/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.23	2.55	2.55	22.22	11.76	14.38
NASDAQ	-0.53	1.13	1.13	24.50	12.09	16.34
Dow Jones Industrial Average	-0.54	4.22	4.22	16.48	9.90	10.99
Russell Mid-Cap	0.02	4.28	4.28	19.19	7.60	10.53
Russell 2000 (Small Cap)	-0.33	2.28	2.28	16.72	5.20	8.02
MSCI EAFE (International)	0.24	5.50	5.50	10.16	4.63	5.91
MSCI Emerging Markets	1.40	3.21	3.21	13.81	-0.57	2.76
Bloomberg Barclays US Agg Bond	0.39	0.92	0.92	3.62	-1.02	-0.51
Bloomberg Barclays High Yield Corp.	0.00	1.36	1.36	9.59	4.49	4.36
Bloomberg Barclays Global Agg	0.47	1.04	1.04	2.15	-3.28	-1.87



OBSERVATIONS

- U.S. equities moved lower on the week, driven by the technology sector as the NASDAQ and S&P 500 were down (-0.53%), and (-0.23%) respectively.
 - The Dow Jones Industrial Average also declined, down -0.54%, indicating broad market weakness.
- Mid-sized companies outperformed both large and small caps, as the Russell Mid Cap index rose a mild +0.02%.
- International stocks, as measured by the MSCI EAFE, rose +0.24%, continuing to outperform U.S. stocks year to date.
- Emerging market equities posted solid gains, with the MSCI EM index rising +1.40% for the week.
- Fixed income had a mixed week, with U.S. investment grade and international bonds rising, while high-yield bonds were flat.



BY THE NUMBERS

Not Egg-cellent: Commercial laying hens typically start producing eggs between 16 to 21 weeks after hatching. According to the Food and Agriculture Organization of the United Nations, these hens are usually moved to laying houses at around 18 weeks, where they begin laying small unmarketable eggs before reaching full production at 21 weeks. Specific breeds, such as the Lohmann Brown, begin laying at approximately 19 weeks, while high-yield hybrids like ISA Browns or White Leghorns may start slightly earlier. However, factors such as avian influenza (bird flu) outbreaks can disrupt egg production by causing flock losses, leading to shortages in supply. These shortages and increasing feed costs compounded by supply chain issues have contributed to rising egg prices worldwide.³

As Goes January: The January Barometer is a market theory that suggests the performance of the S&P 500 in January can indicate how the stock market will fare for the rest of the year. Yale Hirsch, the founder of the Stock Trader's Almanac, introduced this concept and famously stated, "As goes January, so goes the year." Historically, when the S&P 500 posted gains in January, the market continued to rise, in most cases, with an 86% rate and an average yearly gain of 16.2%. In January 2025, the S&P 500 gained approximately 2.7%, signaling a potentially strong year ahead based on this indicator. However, while the January Barometer has been accurate in many years, it is not a foolproof predictor as exceptions have occurred, and investors should consider multiple factors such as economic conditions, policy changes, and interest rate trends rather than relying solely on seasonal market patterns.⁴

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US 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 securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal 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.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 2/7/2025.

² Data obtained from Morningstar as of 2/7/2025.

³ [Egg Production | FAO.org](#)

⁴ [The January Barometer | Fidelity.com](#)