

Weekly Update – December 30, 2024

Market Returns Ending 12/27/2024			
Category	1 Week	QTD	YTD
US			
Large Cap	0.7%	3.9%	26.9%
Mid Cap	0.2%	1.3%	12.7%
Small Cap	0.1%	0.9%	12.2%
International			
Developed	1.8%	-7.5%	5.0%
Emerging	1.0%	-7.2%	8.7%
Bonds			
Aggregate	-0.3%	-3.4%	0.9%
High Yield	0.1%	0.1%	8.1%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	0.5	0.6	0.7
Mid	0.3	0.0	-0.7
Small	0.2	0.1	0.0
	YTD		
	Value	Core	Growth
Large	15.2	26.3	36.1
Mid	13.9	16.5	24.3
Small	8.1	12.2	16.4

Source: Bloomberg

Key Events: A quiet Christmas week

Consumer confidence unexpectedly declined in November and the expectations index tumbled to a level associated with prior recessionsⁱ.

Despite the recently signed government funding bill, outgoing Treasury Secretary Janet Yellen warned Congress about the US debt ceiling, highlighting a likely 2025 political battle over fiscal policies.

Market review: Leadership stalls

The Mega cap 7' names that have driven the stock market this year took a pause this week as markets were, generally, subdued during the holiday shortened trading week.

While stocks rose slightly, persistent inflationary concerns caused losses for high grade bonds.

Outlook: Closing out a year of strong stock returns

Global stocks have had a great year: International and emerging markets are up modestly, while small and midcap US stocks have returned over 12% YTD.

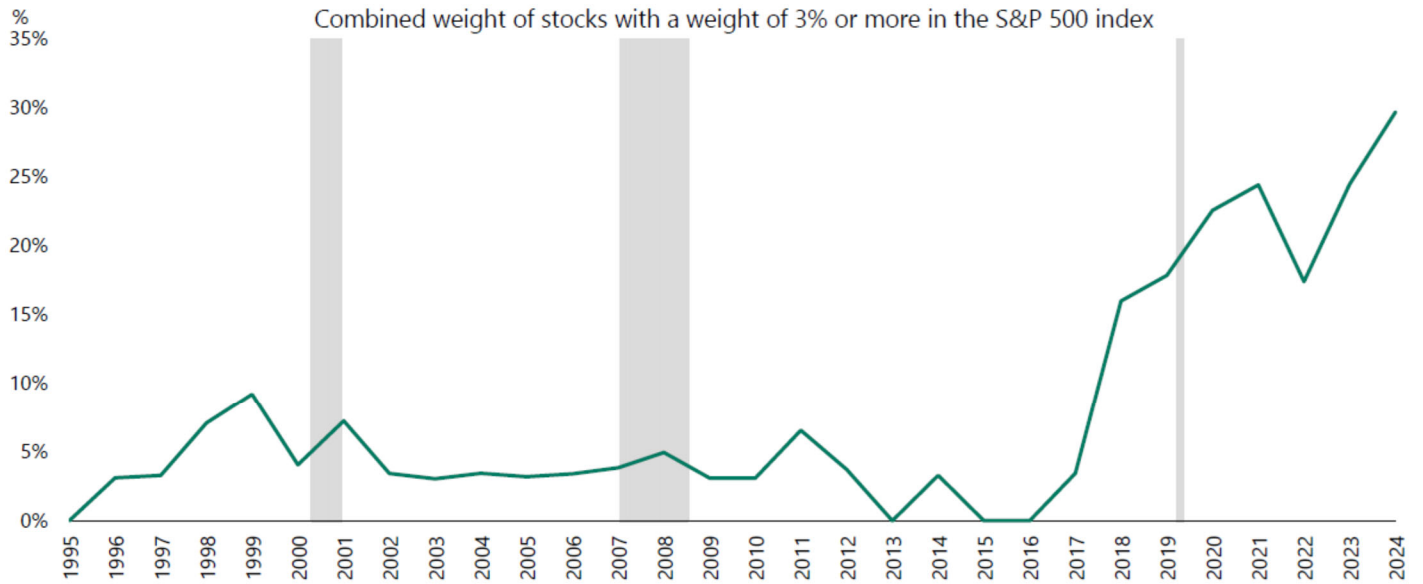
These returns are dwarfed by the S&P 500's 27% gain, led by the magnificent 7' which are up 72%ⁱⁱ

This performance reminds us to think about stock market concentration, as illustrated by the below charts: The first one, from Apollo, illustrates the stock market is more concentrated than at any time in 30 years. The second chart illustrates that most of the returns in the last couple of years have come from very few holdings in the technology sector.

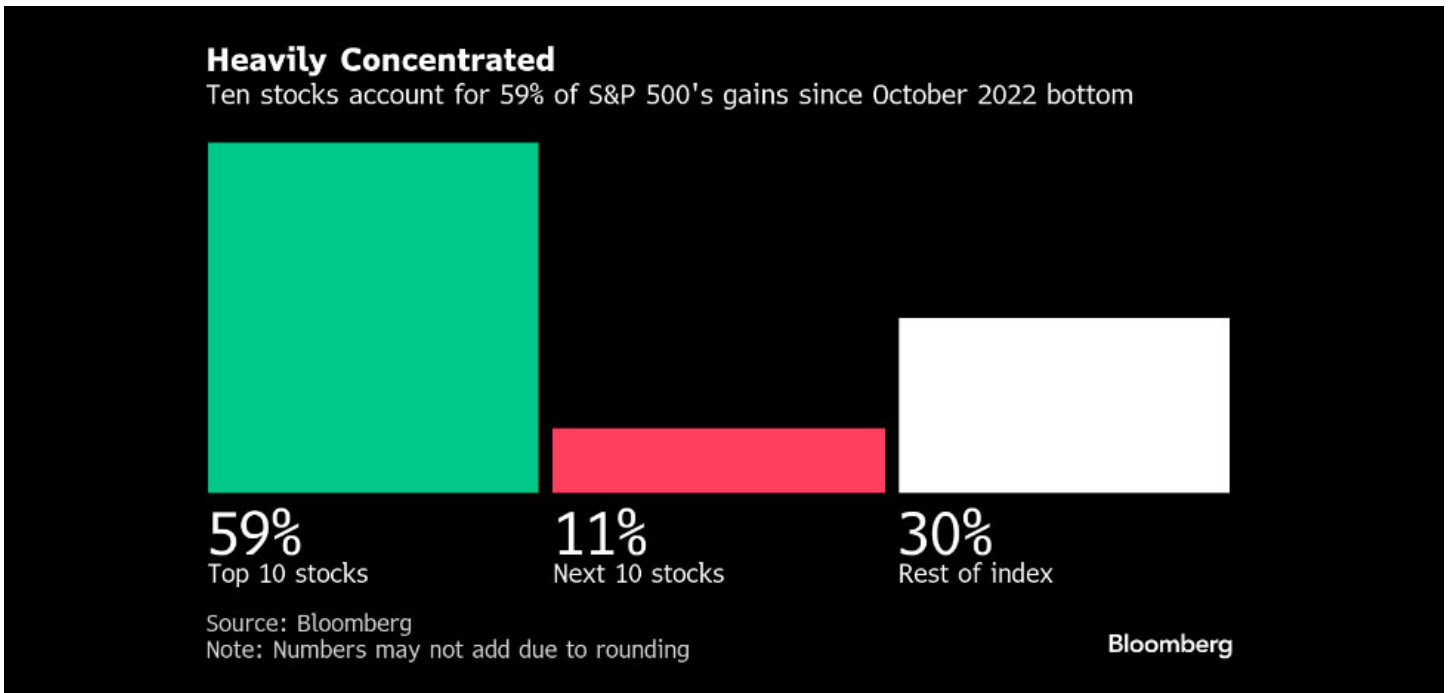
While it is tempting to chase recent market winners, we continue to counsel that diversification is a sound strategy, one we will employ in 2025.

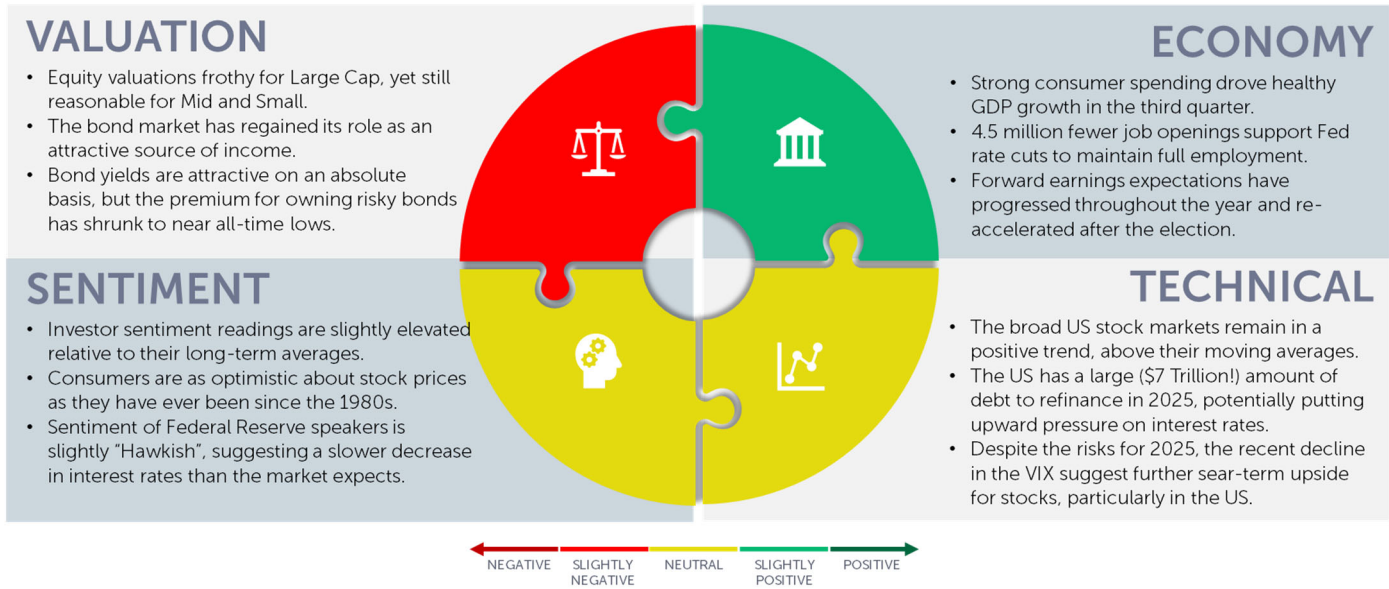


Remembering diversificationⁱⁱⁱ



After concentrated returns^{iv}





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ⁱ Source: Bloomberg, Conference Board

ⁱⁱ Source: Bloomberg

ⁱⁱⁱ Source: Bloomberg, Apollo Chief Economist

^{iv} Source: Bloomberg

^v Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield