



Las Vegas, Nevada

WEEK OF FEBRUARY 12, 2024

# Market Update

Consumer credit was weaker than expected. Large technology names such as Nvidia and Alphabet continued to lift equity markets. Economic data showed signs of softening.

## Quick Hits

- 1. Report releases:** Consumer credit was lower than expected in December.
- 2. Financial market data:** The S&P 500 and Nasdaq have risen in 14 of the past 15 weeks.
- 3. Looking ahead:** The focus this week will be on consumer inflation, retail sales, and consumer confidence.



## Report Releases: February 5–9, 2024

### S&P Global US Composite PMI January (Monday)

The S&P Global US Composite Purchasing Managers' Index, which provides an indication of economic trends through the eyes of purchasing managers, surprised to the downside. The service sector was weaker than expected at 52.5 versus an expectation of 52.9.

- Expected/prior month composite PMI: 52.3/52.3
- Actual composite PMI: 52



### ISM Services Index January (Monday)

Service sector confidence improved more than expected in January, with the index rising to a four-month high.

- Expected/prior ISM Services index: 52/50.5
- Actual ISM Services index: 53.4



### Trade Balance December (Wednesday)

The international trade deficit widened modestly, driven by a 1.3 percent increase in imports in December.

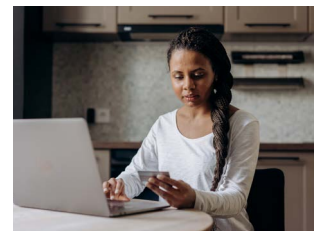
- Expected/prior trade deficit: -\$62 billion/-\$61.9 billion
- Actual trade deficit: -\$62.2 billion



### Consumer Credit December (Wednesday)

Consumer credit surprised to the downside, expanding by roughly \$1.5 billion versus expectations of nearly \$13 billion. Consumers appear to have used their credit cards for shopping early in the fourth quarter, clamping down on spending in December.

- Expected/prior month consumer credit: \$12.88B/\$23.75B
- Actual consumer credit \$1.56B



## >> The Takeaway

- Although the U.S. economy remains in expansionary territory, we are seeing signs of moderating in the service sector and the international trade deficit.
- Consumer credit missed expectations by a wide margin in December. Delinquencies rose in 2023.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	1.40%	3.77%	5.52%	24.88%
Nasdaq Composite	2.34%	5.48%	6.58%	37.58%
DJIA	0.09%	1.41%	2.74%	16.65%
MSCI EAFE	0.11%	-1.00%	-0.43%	9.67%
MSCI Emerging Markets	0.75%	2.03%	-2.70%	0.77%
Russell 2000	2.44%	3.25%	-0.76%	6.41%

Source: Bloomberg, as of February 9, 2024

The S&P 500 and Nasdaq Composite moved higher for the 14th week in the past 15 as big tech continued to propel the market. Nvidia and Alphabet each rose more than 4.5 percent. Semiconductors, apparel, airlines, and pharmaceuticals were among other solid performers. Regional banks and payment companies, such as New York Community Bank and PayPal, struggled.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	-1.20%	-1.47%	2.39%
U.S. Treasury	-1.18%	-1.46%	1.52%
U.S. Mortgages	-1.23%	-1.69%	1.39%
Municipal Bond	-0.10%	-0.61%	3.25%

Source: Bloomberg, as of February 9, 2024

The back end of the Treasury yield curve lifted. The 10-year moved 16 basis points (bps) higher to close at 4.19 percent and the 30-year rose 16 bps to 4.38 percent. The rise in U.S. equities may prompt some investors to move out of slower-growth, long-maturity positions.

### >> The Takeaway

- The “Magnificent Seven” continued to carry the market, with Nvidia and Alphabet each rising more than 4.5 percent.
- Some Treasury buyers may be rethinking their positions in the wake of a strong equity market rally.

## Looking Ahead

It will be a busy week for economic data, with a focus on consumer inflation, retail sales, and consumer confidence.

- The week kicks off Tuesday with the release of the **Consumer Price Index (CPI) report** for January. It's expected to show slowing year-over-year inflation, with headline consumer price growth set to fall from 3.4 percent in December to 2.9 percent.
- On Thursday, **retail sales and industrial production reports** for January will be released. Retail sales are set to fall modestly after two consecutive months of solid sales growth. Industrial production is expected to improve for the second month in a row, due in part to a rise in capacity utilization.
- Finally, Friday wraps with the release of the preliminary **University of Michigan consumer sentiment survey** for February. Economists expect sentiment to be unchanged after two months of notable improvements.





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Authored by the Investment Research team at Commonwealth Financial Network®

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