

# Market Flash Report

January 2024

## Key Takeaways

- **Market News:** Despite a slow start, U.S. Large Caps finished the month strong as real GDP and payroll growth continued to be robust and inflation was mild. Small caps lagged on renewed concerns of stress in the banking sector as New York Community Bancorp announced an earnings decline and slashed their dividend by 70%. Over the last 3-months, however, small caps have outperformed the S&P 500 as the economy has improved.
- **Fixed Income:** Treasury yields moved higher throughout most of the month as job openings and claims for unemployment fell and retail sales and manufacturing sector growth beat expectations. Speculators betting on a March rate cut were let down by hawkish language from Fed Chair Jay Powell and by the strong jobs report for January. Bonds underperformed as a result and all major sectors were flat or negative for the month. The “higher for longer” conversation could cut short the rally that took place over the previous three months which had been spectacular for an asset class that has disappointed the past few years.
- **Commodities:** Broad commodities were slightly higher in January as oil prices rose about 6%. Conflicts in the Middle East are partly responsible for higher oil prices and have caused shipping rates to spike as container ships are avoiding the Red Sea due to the threat of Houthi attacks.

## Index Performance (as of 1/31/2024)

ARIZONA  
CALIFORNIA  
COLORADO  
D.C. METRO AREA  
FLORIDA  
GEORGIA  
MASSACHUSETTS  
NEW JERSEY  
NEW YORK  
RHODE ISLAND  
TEXAS  
WASHINGTON  
WYOMING

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Equity	January	Three-Month	One-Year
U.S. Large Cap	1.7%	16.0%	20.8%
U.S. Small Cap	-3.9%	17.6%	2.4%
Developed Non-U.S.	0.6%	15.8%	10.6%
Emerging Market	-4.6%	7.1%	-2.5%
<b>Real Assets</b>			
Real Estate	-3.8%	15.7%	-1.9%
Commodities	0.4%	-4.5%	-7.1%
Natural Resource Equities	-1.9%	1.0%	-3.2%
<b>Fixed Income</b>			
<u>Core Plus</u>			
U.S. High Yield Debt	0.0%	8.4%	9.3%
Emerging Market Debt	-1.3%	7.7%	7.9%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	-0.3%	8.2%	2.1%
U.S. Treasuries	-0.3%	6.7%	1.2%
U.S. Municipal Bonds	-0.3%	5.3%	2.2%
<b>Month-End Values/Yield</b>			
CBOE Volatility Index	14.4	12.5	19.4
10-Year Treasury Yield	3.9%	3.9%	3.5%

## Disclosures

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U.S. Large Cap Equity is represented by the S&P 500 Index, with dividends reinvested. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the S&P Global Property Index. Commodities are represented by the Bloomberg Commodity Index. Natural Resource Equities are represented by the S&P North American Natural Resources Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the JPM GMI-EM Global Diversified Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.