

# MARKET COMMENTARY

## JANUARY 2025

- The best performing sector for December was Communication Services while the worst was Materials
- Magnificent 7 accounted for over half the increase in the S&P 500 in 2024
- Artificial Intelligence proved a potent market catalyst last year

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Equity markets experienced strong gains in 2024 with performance led by technology related companies including members of the Magnificent 7 which accounted for over half of the annual increase in the S&P 500 index. Although the full year was strong, markets in December broadly retreated as the post Presidential election rally faded. Against a backdrop where market valuations appear relatively full when compared to historical levels, we remain encouraged by the current economic backdrop that features robust corporate earnings growth, a Federal Reserve that remains in an easing mode, inflation that has trended down, low unemployment, and solid GDP growth. However, despite this generally favorable economic backdrop, questions remain on potential Trump administration policies as well as unsettled geopolitical factors that could impact the direction of markets in 2025. Nevertheless, we remain bullish and see opportunity across equities, particularly in areas that have lagged relative to the Mag 7 leaders that drove 2024 performance.

Equity markets declined in December with the Dow Jones Industrial Average down by 5.3%, the S&P 500® index down 2.5%, and the smaller-cap weighted Russell 2000® declining a sharp 8.4%. The VIX index, or fear gauge, which had trended in the low teens for the first part of the month, spiked to over 26 after the Fed rate cut announcement on December 18th before settling back to the mid to high-teens by month-end.

Eight of the eleven industry sectors of the S&P 500 decreased during December. The best-performing sector was Communication Services which increased 3.5% and was followed by the Consumer Discretionary sector which was up 2.3% and the Information Technology sector up 1.1%. The weakest performance in the month was posted by the Materials sector which decreased by 10.9% followed by the Energy sector which was down 9.6% and the Real Estate sector which decreased by 9.1%. For the prior twelve months period, the Communication Services sector was the best performer with a 38.9% increase followed by the Information Technology sector which was up 35.7%, while the Materials sector was the worst performer for the past twelve months with a 1.8% decrease followed by the Health Care sector which was up 0.9%.

Looking back on 2024, equity investors enjoyed a particularly strong year with markets performing better than most forecasters had expected at the beginning of the year. The healthy advances seen in 2024 built upon a strong 2023 market that providing noteworthy two-year gains. Against the backdrop of a generally supportive interest rate policy from the Federal Reserve, the emergence of Artificial Intelligence (AI) as a new investment theme proved a potent market catalyst last year. The AI trade magnified technology related stock leadership with most members of the Magnificent 7 participating – Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla.

With two exceptional years in the rear-view mirror, investors now look towards 2025 and a landscape filled with potential opportunities and some question marks. As mentioned earlier, there are key favorable economic underpinnings that support the argument for sustaining the bull market this year. The combination of strong corporate earnings growth and inflation that has moderated, could prove a potent force when combined with potential further interest rate cuts by the Federal Reserve.

Questions remain however, both on the trajectory of future rate cuts and on the likelihood of positive or negative economic surprises. Areas in keen focus include 1) tax cuts, 2) deregulation, 3) tariffs, and 4) geopolitics to name just a few. Tariffs would seem to present one of the more significant near-term risks that could inspire market volatility given the ability of the new administration to quickly alter policy in this area.

Heading into the start of 2025, it would appear that uncertainty and market volatility could be the dominant factors in the near-term as businesses, consumers, and investors await the incoming Trump administration policy announcements. Still, the U.S. economy appears on track for a soft landing in 2025 – with investors anticipating further gradual abatement of inflation, a solid overall employment market and further cuts to the funds rate. In addition, corporate earnings from early 2024 offer easier comparisons heading into 2025, while consensus earnings forecasts point to the potential for double digit growth. Also supporting the business outlook is the general view that the Trump Administration will likely focus on deregulation efforts and corporate tax cuts in a more business friendly environment.

**Please see important disclosures in the Disclosure Section at the end of this document.**

A range of risks for investors, however, do exist including inter-related factors of interest rates, inflation and FOMC policy. There also are ongoing concerns about the Trump agenda – tariffs, corporate tax cuts, heightened spending; and migrant deportation impact to the employment base – that could influence inflation amid expectations of a pro-growth platform. With the December 18th FOMC session, the Fed cut the funds rate another 25 BPS as widely anticipated despite a modest uptick of inflation as employment continues to cool. Still, Fed Chair Powell suggested the FOMC has entered a ‘new phase’ whereupon the governors will be cautious in considering future rate cuts suggesting a slower pace in 2025 as disinflation expectations have been trimmed.

We note that federal deficit spending, poised to persist with the Trump Administration, has also come to the forefront driving interest rates measurably higher across the curve in the 4Q2024. At the end of December, the benchmark 10-year Treasury yield approached 4.62%, with the cumulative rise being 99 BPS since mid-September. Rising interest rates threaten to weigh on consumer spending and costs of funding federal spending/deficits – exposing labor markets to heightened uncertainty; while also representing enhanced fixed income returns as an alternative to equities.

### Where to from here?

In sum, we remain optimistic on economic prospects into 2H2025, while noting the S&P 500 currently trades at about 22x consensus 2025E – well ahead of the trailing five year average of 19.6x. As is evident from recent challenges for Congress to pass a continuing resolution to fund the federal government into March 2025 –we anticipate volatile negotiations to persist on a range of budget and debt limit issues in 2025. In addition, uncertainties exist over a range of economic issues and potential Trump Administration policies that could drive inflation above earlier forecasts. As such, interest rates that have bounded higher this autumn appear likely to remain higher for longer – influencing equity market valuations, while offering an attractive fixed income investment alternative.

Thus, in contrast to 2024 that saw market gains fostered by P/E multiple expansion, 2025 may see markets driven primarily by corporate earnings growth. Consensus forecasts target S&P 500 earnings to advance about 12% in 2025 that if forthcoming could support appreciation of equity market averages by high single digits or more. Time will tell how the U.S economy; inflation; and interest rates play out in 2025. We remain selective with investment focused among quality, well-managed company stocks poised to potentially benefit from an improved economic outlook into 2H2025.

# MARKET AND ECONOMIC STATISTICS

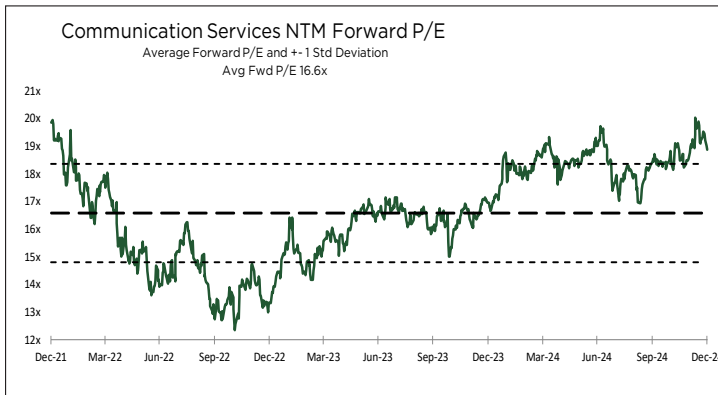
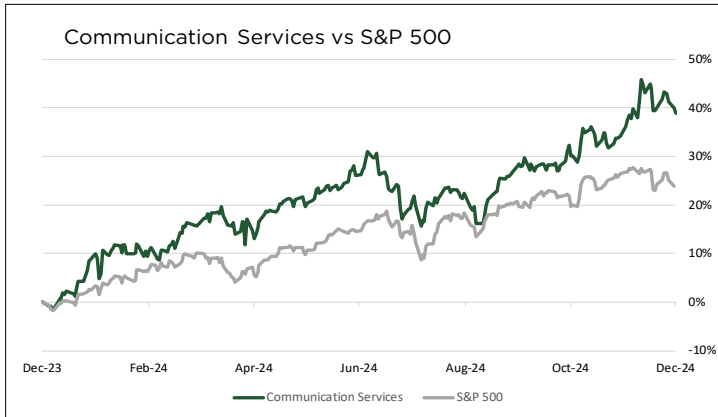
<b>Market Indices:</b>	<b>12/31/2024</b>	<b>12/29/2023</b>	<b>% Change YTD</b>	<b>11/29/2024</b>	<b>% Change (Monthly)</b>
S&P Composite	5,881.63	4,769.83	23.31%	6,032.38	-2.50%
Dow Jones Industrials	42,544.22	37,689.54	12.88%	44,910.65	-5.27%
NASDAQ Composite	19,310.79	15,011.35	28.64%	19,218.17	0.48%
Russell 2000	2,230.16	2,027.07	10.02%	2,434.73	-8.40%
FTSE 100	8,173.02	7,733.24	5.69%	8,287.30	-1.38%
Shanghai Composite	3,351.76	2,974.94	12.67%	3,326.46	0.76%
Nikkei Stock Average	39,894.54	33,464.17	19.22%	38,208.03	4.41%
Stoxx Europe 600	507.62	478.99	5.98%	510.25	-0.52%
MSCI Emerging Markets	1,075.48	1,023.74	5.05%	1,078.57	-0.29%
MSCI Emerging Markets Small Cap	1,406.15	1,367.16	2.85%	1,422.85	-1.17%
<b>Performance of S&amp;P 500 by Industry:</b>	<b>% of Index as of 12/31/2024</b>	<b>1 Month</b>	<b>3 Month</b>	<b>Year to Date</b>	<b>12 Months</b>
Consumer Discretionary	11.26%	2.33%	14.06%	29.13%	29.13%
Consumer Staples	5.53%	-5.24%	-3.84%	11.98%	11.98%
Energy	3.16%	-9.56%	-3.20%	2.31%	2.31%
Financials	13.62%	-5.58%	6.67%	28.43%	28.43%
Health Care	10.09%	-6.36%	-10.67%	0.90%	0.90%
Industrials	8.16%	-8.10%	-2.74%	15.64%	15.64%
Information Technology	32.49%	1.12%	4.67%	35.69%	35.69%
Materials	1.89%	-10.91%	-12.82%	-1.83%	-1.83%
Communication Services	9.37%	3.49%	8.60%	38.89%	38.89%
Utilities	2.33%	-8.07%	-6.17%	19.58%	19.58%
Real Estate	2.10%	-9.15%	-8.75%	1.73%	1.73%
S&P 500 (Absolute performance)	100.00%	-2.50%	2.07%	23.31%	23.31%
<b>Interest Rates:</b>	<b>12/31/2024</b>	<b>12/29/2023</b>	<b>YTD Change (Basis Points)</b>	<b>11/29/2024</b>	<b>Month Change (BPS)</b>
Fed Funds Effective Rate	4.33%	5.33%	-100	4.58%	-25
Prime Rate	7.50%	8.50%	-100	7.75%	-25
Three Month Treasury Bill	4.28%	5.33%	-106	4.46%	-19
Ten Year Treasury	4.57%	3.88%	69	4.17%	40
Spread - 10 Year vs 3 Month	0.29%	-1.45%	175	-0.30%	59
<b>Foreign Currencies:</b>	<b>12/31/2024</b>	<b>12/29/2023</b>	<b>% Change YTD</b>	<b>11/29/2024</b>	<b>% Change (Monthly)</b>
Brazil Real (in US dollars)	0.16	0.21	-21.4%	0.17	-3.3%
British Pound (in US dollars)	1.25	1.27	-1.7%	1.27	-1.7%
Canadian Dollar (in US dollars)	0.70	0.76	-7.9%	0.71	-2.6%
Chinese Yuan (per US dollar)	7.30	7.10	2.8%	7.25	0.7%
Euro (in US dollars)	1.04	1.10	-6.2%	1.06	-2.1%
Japanese Yen (per US dollar)	157.20	141.04	11.5%	149.77	5.0%
<b>Commodity Prices:</b>	<b>12/31/2024</b>	<b>12/29/2023</b>	<b>% Change YTD</b>	<b>11/29/2024</b>	<b>% Change (Monthly)</b>
CRB (Commodity) Index	536.50	510.32	5.1%	535.74	0.1%
Gold (Comex spot per troy oz.)	2624.50	2062.98	27.2%	2643.15	-0.7%
Oil (West Texas int. crude)	71.72	71.65	0.1%	68.00	5.5%
Aluminum (LME spot per metric ton)	2526.78	2345.50	7.7%	2576.72	-1.9%
Natural Gas (Futures 10,000 MMBtu)	3.63	2.51	44.5%	3.36	8.0%
<b>Economic Indicators:</b>	<b>11/30/2024</b>	<b>1/31/2024</b>	<b>% Change YTD</b>	<b>10/31/2024</b>	<b>% Change (Monthly)</b>
Consumer Price Index	316.4	309.7	-2.1%	315.5	0.3%
Producer Price Index	259.5	255.0	-1.8%	256.9	1.0%
	<b>3Q24</b>	<b>2Q24</b>	<b>1Q24</b>	<b>4Q23</b>	<b>3Q23</b>
GDP Growth Rate (Quarterly)	3.10%	3.00%	1.60%	3.20%	4.40%
Unemployment Rate (End of Month)	<b>November 4.2%</b>	<b>October 4.1%</b>	<b>September 4.1%</b>	<b>August 4.2%</b>	<b>July 4.3%</b>

\*GDP growth rate is calculated as the percent change from the previous period seasonally adjusted at annual rates. \*\*S&P Sectors were re-named at the end of 2001. The sector Industrials is a combination of the former sectors Capital Goods & Transportation. Sources: Wall Street Journal, Bloomberg, The Department of Labor, The Bureau of Labor Statistics, The Bureau of Economic Analysis, US Treasury website.

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# COMMUNICATIONS SERVICES



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
3.49%	8.60%	38.89%	38.89%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance 1 Month

Leaders	Company	1 Month
	Alphabet Inc	12.0%
	Alphabet Inc	11.7%
	Fox Corp	3.1%
	Fox Corp	2.3%
	Meta Platforms Inc	1.9%
Laggards	Omnicom Group Inc	-17.9%
	Charter Comm.	-13.7%
	Comcast Corp	-13.1%
	T-Mobile US Inc	-10.6%
	Electronic Arts Inc	-10.6%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$14.76	\$15.57	\$17.66
23.1x	21.9x	19.3x

## Sector Update

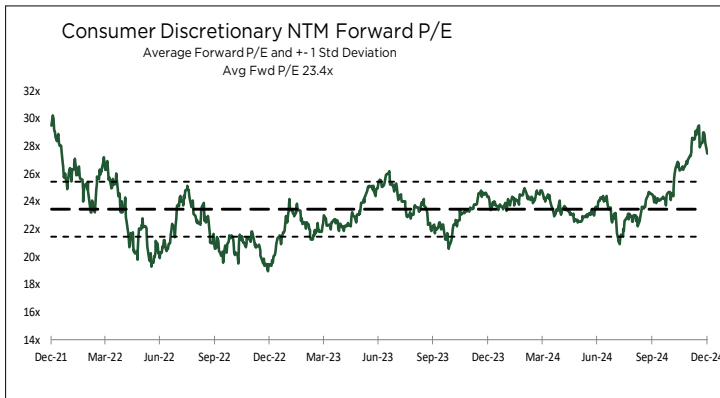
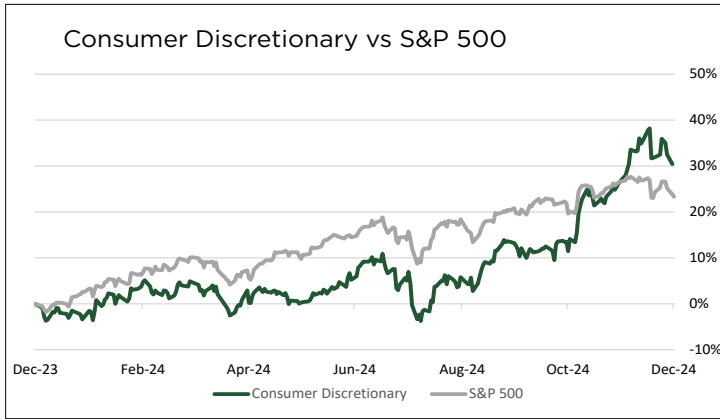
Communications Services outperformed the market and was the top performing industry group in 2024 driven by the rise in the Entertainment (+47.1%) and the Interactive Media & Services (+45.3%) sectors. The Entertainment sector benefited from the significant appreciation of the largest global streaming media company, which reported an acceleration in its subscriber, revenue and profit growth over the past year as it benefited from its introduction of a lower priced, ad-supported service.

According to Nielsen, streaming content services continued to gain share of total U.S. TV viewing in November 2024, with 41.6% share of total U.S. TV viewing. Compared to broadcast TV with 23.7% share, and cable with 25% share. Alphabet's YouTube had lead share (10.8%) of total U.S. viewing, followed by Netflix (7.7%), Disney+/Hulu (4.6%), Amazon Prime (3.7%), Roku (1.9%), Tubi (1.8%), and Comcast's Peacock (1.5%)

The Interactive Media & Services sector significantly outperformed the market in December driven by the rise in Alphabet's shares. Investors were enthused by Alphabet's announcement of its technology breakthrough with Willow, its new Quantum computing chip. Alphabet figured out how to reduce errors exponentially as it scales up the computing capacity of Willow using more qubits. Alphabet reported that Willow performed a standard benchmark computation in under five minutes that would take the Frontier supercomputer 10 septillion years (or vastly exceeding the age of the Universe) to complete the calculation. According to McKinsey, Quantum computing systems may not become more broadly available until 2035 when potential hardware and software is developed to handle the most complex problems.

The Communications Services sector appears close to fairly valued, with a P/E of 19.3x the consensus analyst FY25 EPS estimate, compared to 13% earnings growth and its average forward P/E multiple of 16.6x.

# CONSUMER DISCRETIONARY



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
2.33%	14.06%	29.13%	29.13%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance

Leaders	Company	1 Month
	Lululemon Athletica Inc	19.3%
	Tesla Inc	17.0%
	Ulta Beauty Inc	12.5%
	Aptiv PLC	8.9%
	Darden Restaurants Inc	5.9%
Laggards	Lennar Corp	-21.8%
	PulteGroup Inc	-19.5%
	DR Horton Inc	-17.2%
	Mohawk Industries Inc	-14.2%
	Hasbro Inc	-14.2%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$58.07	\$58.43	\$63.75
31.5x	31.3x	28.7x

## Sector Update

The Consumer Discretionary sector outperformed the broader market in December in a challenging month for equities. Among Consumer Discretionary subsectors, the strongest performance was posted by the Automobiles category followed by Multiline Retail while Household Durables and Leisure Products were softest. The Consumer Discretionary sector has outperformed the S&P 500 for all reported periods over the trailing twelve months, as reflected in the accompanying chart.

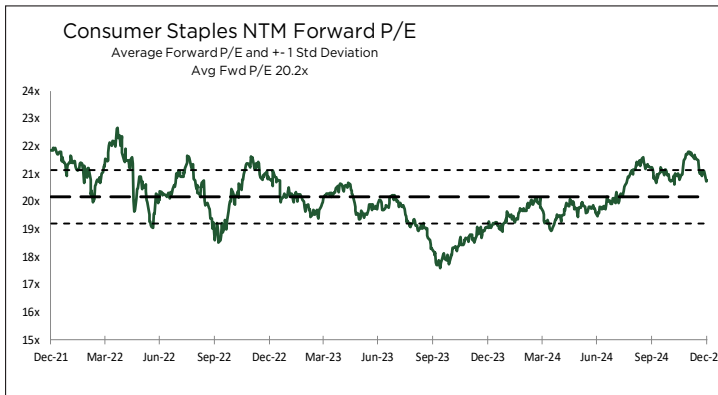
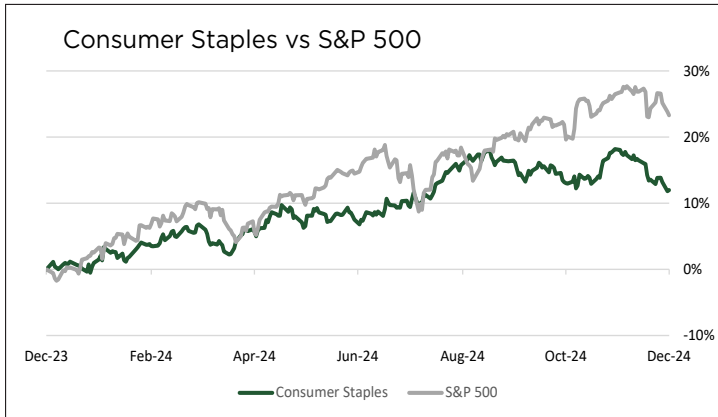
Post-election enthusiasm by consumers ebbed in December according to The Conference Board. The monthly Consumer Confidence Index dropped 8.1 points to a three-month low of 104.7 which was below expectations per Bloomberg. The drop in the associated Expectations Index of 12.6 points to 81.1 was particularly noteworthy as it is now tracking just above the 80 threshold that can signal potential recession. Diana M. Peterson, Chief Economist at The Conference Board, indicated: "Compared to last month, consumers in December were substantially less optimistic about future business conditions and incomes."

Food price inflation has picked up recently with the Bureau of Labor Statistics (BLS) reporting in mid-December that wholesale food prices jumped 3.1% in November from 2.6% in the prior month. The increase in prices was the biggest in two years and was influenced by a sharp increase in egg prices. The spread of avian influenza or bird flu contributed to an over 50% increase in egg prices for the month as slaughter rates expanded in an effort to contain the outbreak. The BLS reported that egg prices cost an average of \$3.65 per dozen in November versus just \$2.70 in May with retail prices tracking substantially higher in many markets.

Encouraging retail sales for November were reported by the Census Bureau indicating that sales grew 0.7% on a month-over-month basis. Monthly sales exceeded expectations and were led by automobiles and trucks which increased 2.6% and by ecommerce or nonstore retail which increased 1.8%. Grocery sales dropped by 0.2% while restaurant sales declined 0.4%. Core retail sales or sales excluding motor vehicle and gasoline, advanced by 0.2% for the month. On a year-over-year basis, retail sales grew 3.8% and core was up 3.9%.

Home sales continued to improve in November according to the National Association of Realtors. November existing home sales increased 6.1% versus the prior year and 4.8% month-over-month to an annual rate of 4.15 million. Home prices continued to climb with the median price rising 4.7% to \$406,100. Although buyer demand seems strong with 18% of homes sold for over the listing price this did represent a slight downtick from 19% in the prior month. Listed homes averaged 32 days on the market with all cash buyers representing 25% of sales. It appears that the downdraft in mortgage rates seen in the September-October period may have spurred some buyers to action and supported home sales in November. We note that more recently, 30-year fixed mortgage rates have rebounded back over 7% from September lows that approached 6.5%.

# CONSUMER STAPLES



Source : Bloomberg

## Sector Update

The Consumer Staples sector decreased 5.2% on average in December and underperformed the S&P 500 Index that declined by 2.5%. All segments declined for the month. For 2024, the Consumer Staples sector rose 12% and underperformed the S&P 500 that increased 23.3%. The Food and Staples Retailing, Tobacco and Household Product segments all posted double-digit gains for the year while all other segments declined as they face numerous near-term uncertainties. The food and beverage companies faced a difficult 2024 with weaker than expected volumes, more moderate pricing opportunities, uncertainty from the rapid use of the GLP-1/diet drug, potential heightened regulatory challenges and softer than expected consumer consumption. Entering 2025, the Consumer Staples sector faces numerous near-term headwinds including potentially increased regulations by RFK on processed foods, artificial colors and synthetic dyes, uncertainty about SNAP payments, continued GLP use by consumer, uncertainty regarding tariffs, proposed labels for alcohol and higher input cost (ie cocoa). Additional questions center on pricing, consumer consumption and level of promotional activity and potential margin impact. Most packaged food stocks still trade near historic low valuation levels as the group underperformed the market for the second year in a row. Volume and sales recovery remain key sector specific drivers of multiple expansion. Ingredient companies remain well positioned to work with customers to navigate potentially heightened restrictions through leveraging vast global networks and innovation strength. The Consumer Staples segment trades with a forward P/E of 20.8x 2025 earnings as compared with its average forward P/E of 20.2x. We continue to advise a selective investment among the Consumer Staples stocks and a market weighting remains preferred. Many of the stocks offer an attractive dividend yield and more favorable risk/reward profile, but recent interest rate strength creates an unfavorable current overhang. Historically, the Consumer Staples stocks have weakened as the New Year begins and investors reposition portfolios away from more defensive stocks.

Company updates during the first quarter earnings season and positioning for FY25 remain key factors to drive interest in the group. Organic sales remain a leading indicator of earnings vs upside potential. As volume recovery lags, companies should seek increased merger and acquisition activity to drive needed top-line growth. An expected more favorable incoming administration view towards transactions should support a heightened level of M&A activity across the sector. The potential for a stronger dollar could become a more relevant factor. Confectionery companies face continued input cost pressures from higher cocoa costs and more moderate consumer consumption. Consumer trends toward higher protein consumption should drive accelerating growth for protein companies and heightened innovation of products containing a greater percentage of protein content. Innovation remains critical to drive volume, retailer relations and top-line. Portfolio transformation through divestments and acquisitions as well as streamlining the number of product offerings remains a key theme.

### Sector Performance

1 Month	3 Months	YTD	TTM
-5.24%	-3.84%	11.98%	11.98%

### S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

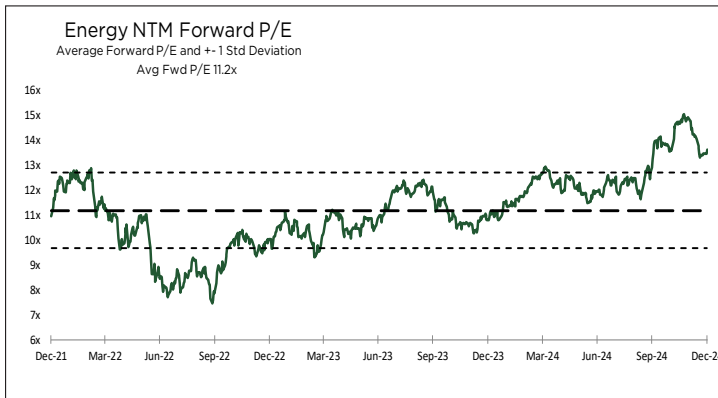
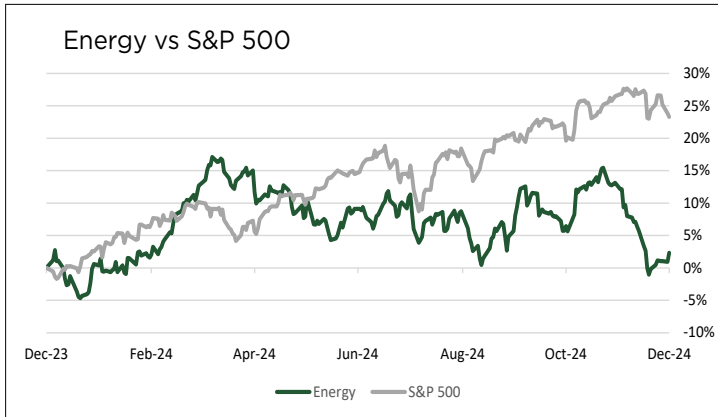
### Company Performance 1 Month

Leaders		1 Month
Dollar Tree Inc		5.1%
Estee Lauder Cos Inc/		4.0%
Walgreens Boots		3.4%
Target Corp		2.2%
Conagra Brands Inc		0.7%
Laggards		
Lamb Weston Holdings		-13.5%
Bunge Global SA		-13.3%
Kenvue Inc		-11.3%
Tyson Foods Inc		-10.9%
Brown-Forman Corp		-9.7%

### Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$39.69	\$39.74	\$41.13
21.5x	21.5x	20.8x





Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-9.56%	-3.20%	2.31%	2.31%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance

Leaders	Company	1 Month
	APA Corp	1.9%
	EQT Corp	1.5%
	Occidental Petroleum	-2.3%
	Kinder Morgan Inc	-3.1%
	Coterra Energy Inc	-4.4%
<b>Laggards</b>	Texas Pacific Land Corp	-30.9%
	Phillips 66	-15.0%
	Halliburton Co	-14.7%
	Devon Energy Corp	-13.8%
	Schlumberger NV	-12.7%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$49.42	\$45.65	\$48.04
13.2x	14.3x	13.6x

## Sector Update

In December the Energy sector once again failed to outperform the broader market, while also underperforming on a 3-month, YTD, and past twelve-months basis. With ongoing hostilities in the Middle east and conflict in Ukraine continuing we look for potential growth opportunities in the sector after two years of consecutive underperformance. Amidst this backdrop, the Oil, Gas, & Consumable Fuels subsector outperformed the Energy Equipment & Services subsector for December.

In mid-December OPEC once again, for its fifth consecutive month, cut its 2024 global oil demand growth forecast. In its report the cartel expects global oil demand to rise by 1.61 million bpd, down from the 1.82 million bpd figure seen last month. Additionally, the cartel also cut its 2025 growth estimate to 1.45 million bpd from 1.54. The International Energy Agency (IEA) also released their mid-December update in which the organization trimmed its forecast for 2024 world oil demand growth to 840 k/bpd, down 80 k/bpd from last month. For 2025, the IEA increased their forecast to 1.1 million bpd from the 990 k/bpd figure seen last month. Both organizations pointed to Asian countries, primarily China, as the primary contributor for their 2025 forecast changes.

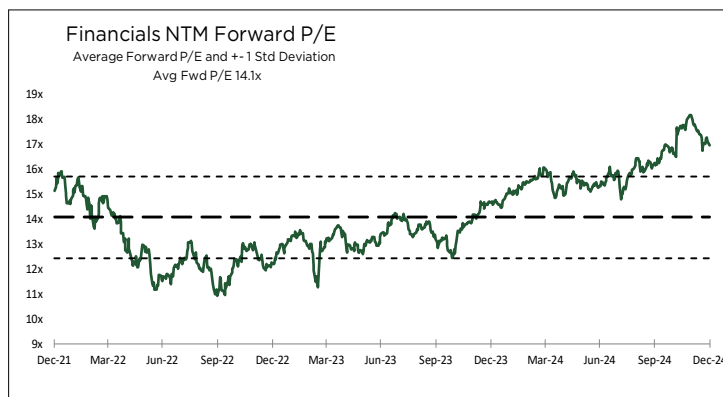
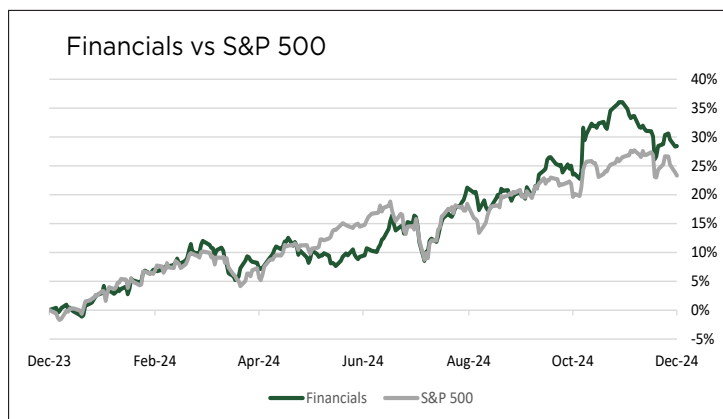
In a long-expected move, Kyiv halted the flow of Russian gas to Europe via Ukraine at the start of the new year with President Volodymyr Zelenskyy adding that: "We [Ukraine] will not give Russia the opportunity to earn additional billions on our blood." Hopes of a quick resolution have diminished as Russian President Vladimir Putin indicated that there was no time left to conclude an agreement. As European countries increasingly draw heavily on reserves the continent's energy security is brought into question. While the TurkStream pipeline still supplies gas to nations such as Serbia and Hungary, Nord Stream and Nord Stream 2 are either damaged or not approved, according to Bloomberg. However, the bloc has been seeking to diversify its supplies since 2022 with LNG from the U.S. being the most notable.

West Texas Intermediate (WTI) crude oil prices moved higher to \$71.72 at the end of the month from the \$68.00 level seen last month. Natural gas prices increased to \$3.63 from \$3.36 last month. Retail gasoline increased slightly to ~\$3.07 from the \$3.03 figure seen a month ago.

The Baker Hughes oil rig count increased slightly to 589 in December from the 582 level last month. For the week ending December 27, U.S. crude oil inventories came in at 415.6 million barrels which is -5% below the five-year average for this time of year and compares to last month's number of 428.4 million barrels. Following the downturn seen during the height of the pandemic in 2020, U.S. crude oil production has been in an uptrend, which continued during 2024. The trough daily production seen in 2020 was in the 9.7 million barrels per day range and has now rebounded to a range of ~13.3 million barrels per day.



# FINANCIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-5.58%	6.67%	28.43%	28.43%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance 1 Month

Leaders		1 Month
Visa Inc		0.3%
Globe Life Inc		0.3%
Blackrock Inc		0.2%
State Street Corp		-0.4%
Jack Henry & Associ-		-0.5%
Laggards		
M&T Bank Corp		-14.5%
Regions Financial Corp		-13.7%
MarketAxess Holdings		-12.6%
Fifth Third Bancorp		-12.0%
KeyCorp		-12.0%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$44.24	\$44.71	\$47.41
18.2x	18.0x	17.0x

## Sector Update

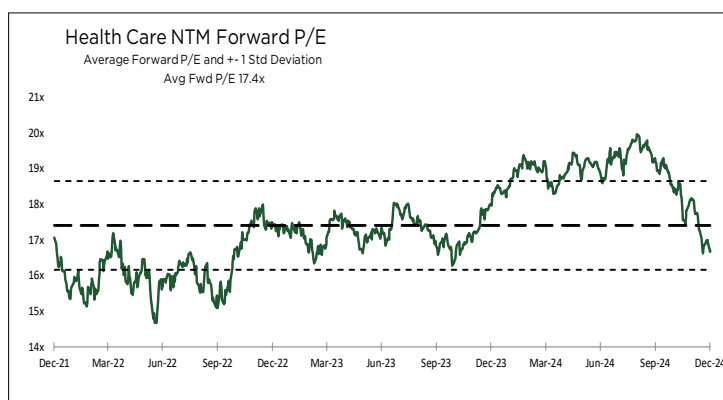
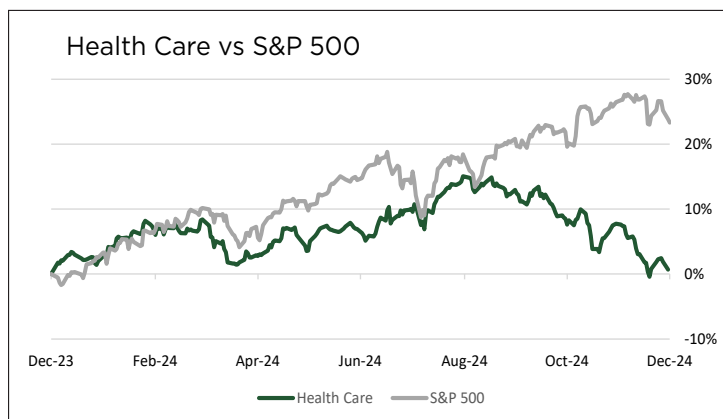
December proved to be a challenging month for many sectors in the market, with Financials being no exception. The sector retrenched from recent highs, particularly following hawkish commentary and 'dot-plot' at the mid-month FOMC meeting. The Financials sector fell 5.6% in the month compared to a strong 10.2% gain in November. The sector underperformed the broader S&P 500® decline of 2.5% in the month, but topped market performance in the past three- and twelve-month periods driven by resilient economic growth and support from less restrictive monetary policy.

Key to Financials underperformance, and weak Bank subsector returns (-6.4%) in the month, was the 'hawkish cut' by the Federal Reserve on December 18th. Despite lowering its targeted benchmark overnight lending rate by 25bps, the Open Market Committee included two-less rate cuts in its 2025 forward projection compared to its September 2024 forecast. Although Fed Fund futures signaled a slower pace of cutting in 2025 prior to the announcement, the equity market endured heightened volatility and weak performance thereafter. Slower or limited rate-cutting from the Fed calls into question the theme of net interest margin (NIM) expansion and net interest income growth in 2025, which has been a primary driver of positive sector returns of late. Higher short-term rates imply higher deposit costs for lenders, and given a relatively flat yield curve—suggests spread related revenue growth could be limited relative to prior expectations. Add to that the incremental pressure on credit, particularly in commercial real estate where values decline against higher rates, and more subdued expectations around fee-income growth from capital markets activity given higher cost of credit for issuers—sets up poorly for banks particularly given fairly lofty valuations at year-end.

Still, economic growth, employment, and credit performance remain resilient—while the incoming Trump administration is expected to pursue a pro-growth economic agenda. While the current interest rate environment and outlook injects fresh uncertainty to spread-based revenues, three recent rate cuts since September have yet to be fully reflected in lender earnings. Q4 results, beginning in the second week of January, could present a near-term catalyst if management teams present a positive outlook on interest and fee income prospects for 2025.

At period-end, the Financials Sector traded at a forward P/E ratio of 17x FY25 expectations, well above its three-year average forward twelve-month multiple (14.1x). Financials could possess solid earnings growth potential in the medium-term if loan growth improves, the yield curve steepens, fee incomes rebound on capital markets activity picking up, and credit reserving needs decelerate; however, valuations appear to have 'pulled forward' these expectations to a large extent.

# HEALTH CARE



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-6.36%	-10.67%	0.90%	0.90%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance 1 Month

Leaders	Company	1 Month
	Edwards Lifesciences	3.8%
	Becton Dickinson & Co	2.2%
	Pfizer Inc	1.2%
	Centene Corp	1.0%
	West Pharmaceutical	0.6%
Laggards	CVS Health Corp	-25.0%
	Cigna Group/The	-18.3%
	UnitedHealth Group Inc	-17.1%
	Humana Inc	-14.4%
	Vertex Pharmaceuticals	-14.0%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$78.64	\$81.06	\$96.10
20.4x	19.8x	16.7x

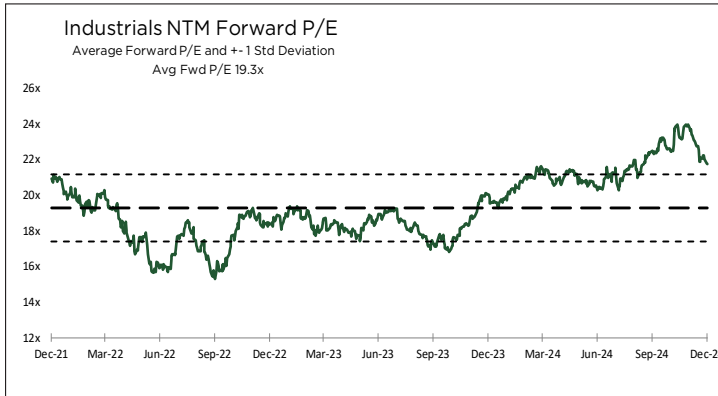
## Sector Update

The Health Care sector ended the year as the second worst-performing sector in the market, second only to the Materials sector. Health Care's yearlong underperformance continued into December with a 6.36% decline in December relative to the S&P 500's 2.5% loss. Legislative pressures, negative media attention, and underwhelming clinical trial results contributed to Healthcare's decline in December.

Early in December, UnitedHealth Group held the firm's annual investor day. The investor day was promptly canceled following news that the CEO of the firm's insurance division was assassinated outside of the venue. The public reaction following the assassination highlighted American's deep-rooted resentment of the Health Insurance industry, with many media outlets and social media users expressing frustration about the industry. Later in the month, lawmakers released a government funding bill that included text relating to sweeping Pharmacy Benefit Manager (PBM) reform. This combination of developments weighed on the performance of the Health Insurance group in December given the increased uncertainty related to future legislation. In fact, the four worst performing Healthcare equities are members of the Health Insurance industry. This negative sentiment was amplified by a bill introduced by senators Elizabeth Warren (D-Mass.) and Josh Hawley (R-Mo.) that was critical of Pharmacy Benefit Managers. Sweeping PBM legislation was not included in the final government funding bill, although December's share price performance from Health Insurance firms may suggest that investors feel that it may just be a matter of time before PBM legislation is passed.

In December, the betting odds (Polymarket) that controversial HHS nominee RFK Jr. will assume the role rose from roughly -66% to -79%. Although RFK Jr.'s rhetoric has been more moderate in recent weeks, controversial health-related comments made during his presidential campaign has weighed on the Healthcare sector. During the month, Biotechnology, Life Science Tools & Services, Pharmaceutical, Health Care Equipment & Supplies, and Health Care Providers & Services all reported losses. The Health Care sector trades at a forward P/E ratio of 16.7x 2025 earnings, above the historical average of 17.4x.

# INDUSTRIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-8.10%	-2.74%	15.64%	15.64%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance

Leaders	Company	1 Month
	Boeing Co/The	13.9%
	Southwest Airlines Co	3.9%
	TransDigm Group Inc	1.1%
	United Airlines Holdings	0.3%
	GE Vernova Inc	-1.6%
<b>Laggards</b>	Builders FirstSource Inc	-23.3%
	Old Dominion Freight	-21.6%
	Nordson Corp	-19.8%
	Cintas Corp	-19.1%
	United Rentals Inc	-18.7%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$44.66	\$44.47	\$51.17
25.0x	25.1x	21.8x

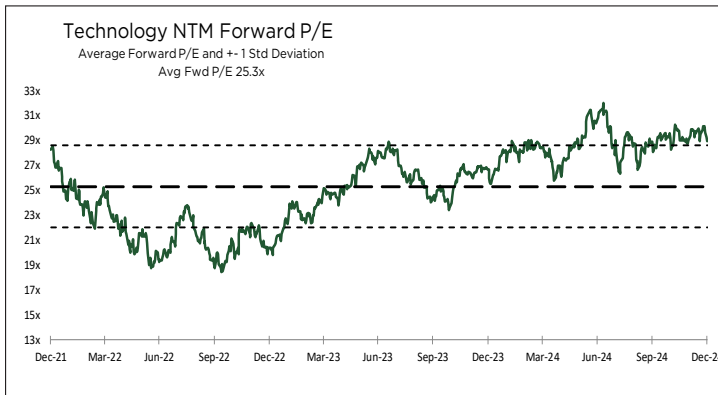
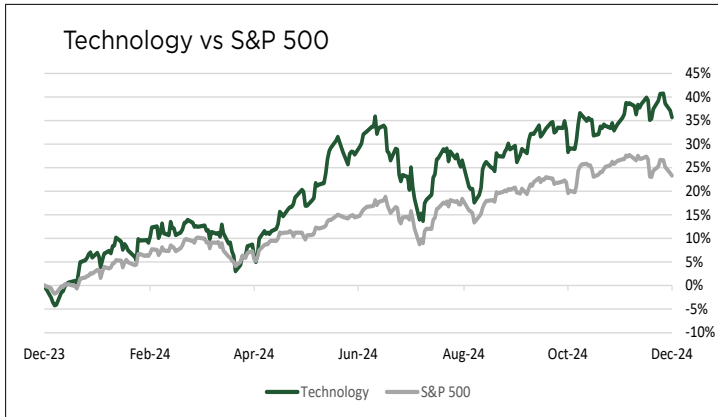
## Sector Update

The Industrial Sector decreased 8.10% in December, underperforming the 2.50% loss from the S&P 500. Each of the 12 Industrials subsectors declined during the month, including double-digit losses from Road & Rail, Trading Companies & Distributors, Building Products, and Commercial Services & Supplies. Despite an improvement in Manufacturing PMI's in December, increasingly high valuations may have pressured stocks in the Industrials sector. The Industrials sector currently trades at 25.1x forward earnings, above the sector's historical average of 19.3x. Following the sector's underperformance in December, Industrials stocks have now underperformed the S&P 500 on a 3-month, year-to-date, and trailing-twelve-month period.

The Institute for Supply Management's Purchasing Managers Manufacturing Index (PMI) contracted for the ninth consecutive month in December. The overall economy continued in expansion for the 56th consecutive month after one month of contraction in 2020. The Manufacturing PMI index registered 49.3% in December, 0.9% higher compared to the 48.4% recorded in November. The New Orders Index continued in expansion territory in December for the second consecutive month, strengthening to 52.5% - 2.1% higher than the 50.4% recorded in November. Zero of the largest six manufacturing industries expanded in December, unlike November's growth in Food, Beverage & Tobacco Products and Computer & Electronic Products. In total, 7 manufacturing industries reported growth in December while the remaining 7 reported contractions. Lastly, the Production Index strengthened declined in December. The Production Index registered a reading of 50.3%, a 3.5% increase compared to November.

The Industrials sector's forward P/E ratio of 25.1x materially contracted compared to last month's reading of 27.3x, yet remains above the sector's average of 19.3x. The best-performing Industrials subsector in December included Airlines with a 1.4% decline, Industrial Conglomerates with a 3.1% decline, and Aerospace & Defense with a 4.4% decline.

# INFORMATION TECHNOLOGY



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
1.12%	4.67%	35.69%	35.69%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance

Leaders	Company	1 Month
	Broadcom Inc	43.0%
	Teradyne Inc	14.5%
	Palantir Technologies	12.7%
	VeriSign Inc	10.6%
	Arista Networks Inc	8.9%
Laggards	Western Digital Corp	-18.3%
	Intel Corp	-16.6%
	Fair Isaac Corp	-16.2%
	Microchip Technology	-15.9%
	Seagate Technology	-14.8%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$130.10	\$134.87	\$159.23
35.4x	34.2x	28.9x

## Sector Update

The Technology sector outpaced the market in December and in 2024 (+35.69%), with its annual performance driven by the Semiconductors & Semiconductor Capital Equipment (+75.3%), Communications Equipment (+35.3%) and the Technology Hardware, Storage & Peripherals (+27.4%) sub-sectors.

The Semiconductors & Semiconductor Capital Equipment sector annual performance was driven by robust cloud service provider demand for GPUs to build out their hyperscale computing networks for generative AI training and inferencing.

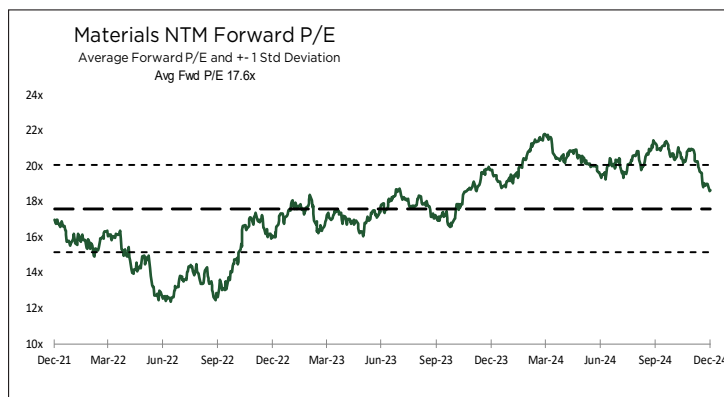
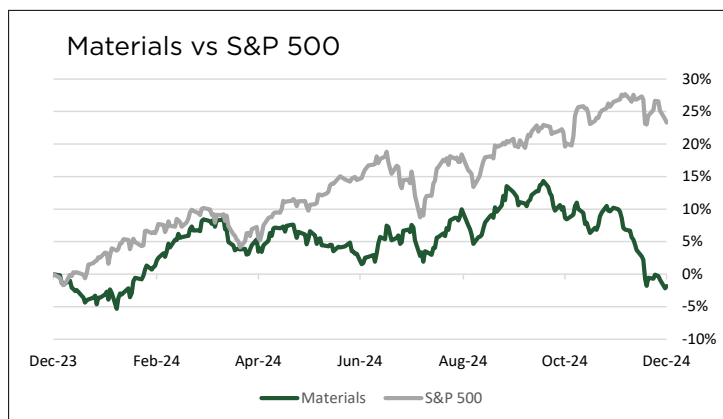
While Cloud service providers relied on the CPUs and GPUs from leading semiconductor companies to build out their hyperscale computing systems in 2024, they are increasing their investment in their own custom chips for gen AI training and inferencing with the assistance of companies such as Broadcom, the largest provider of custom chip solutions. Broadcom was the top performing Technology stock in December after it reported better than expected results and forecasted an increase in its generative AI serviceable market opportunity from \$15 to \$20 billion in FY24 to \$60 to \$90 billion.

The Communications Equipment sector annual performance was driven by cloud service provider demand for networking chips to connect clusters of GPU chips that are the basis of large scale hyperscale computing networks for generative AI. Arista Networks, one of the leading providers of Ethernet networking chips to cloud service providers, was one of the top performing Technology stocks in December after the completion of its four for one stock split.

The Technology Hardware, Storage & Peripherals sector annual performance was driven by the significant increase in demand for computing systems for generative AI training and inference. In addition, a leading smartphone company outperformed the market as investors anticipated that the inclusion of gen AI technology in new smartphone models would drive increased consumer demand.

The Technology sector appears close to fairly valued, with a P/E of 28.9X the consensus analyst FY25 EPS estimate, compared to 18% earnings growth and its average forward P/E of 25.3x.

# MATERIALS



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-10.91%	-12.82%	-1.83%	-1.83%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance 1 Month

Leaders	Company	1 Month
	Smurfit WestRock PLC	-2.1%
	PPG Industries Inc	-4.0%
	CF Industries Holdings	-4.8%
	Celanese Corp	-5.5%
	Ecolab Inc	-5.8%
Laggards	Nucor Corp	-24.6%
Steel Dynamics Inc	-21.5%	
Albemarle Corp	-20.1%	
FMC Corp	-17.7%	
Sherwin-Williams Co	-14.5%	

## Consensus FY EPS / P/E

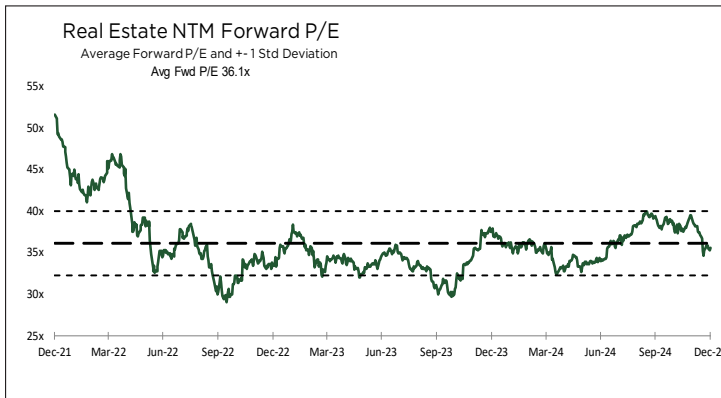
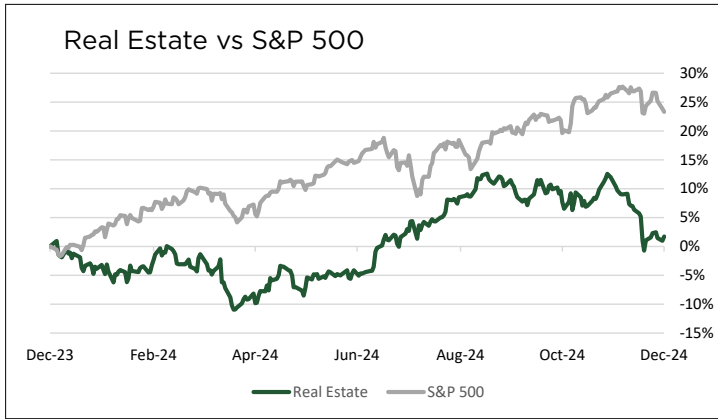
Last Year	Current Year	Next Year
\$24.25	\$24.53	\$28.44
21.8x	21.6x	18.6x

## Sector Update

The Materials segment decreased 10.9% in December reversing a gain in November. Performance compares with the S&P 500 Index that declined 2.5% for the month. All segments declined for the month with the weakest for Metals & Mining that declined 16.4%. For 2024, the Materials segment decreased 1.8% and underperformed the S&P 500 that rose 23.3%. The steel industry lost momentum in December following a strong YTD performance as lower steel prices in the US and globally pressured the outlook along with softer demand. Towards the end of the year, the market slowdown in production requirements and order levels negatively weighed on forecasts raising questions about current inventory levels. Softer industrial production and construction activities further contributed to the moderated demand outlook. In 2024, packaging stocks performed well until year end with rising concerns surrounding more modest volumes and price/cost pressures. Companies should navigate the packaging demand/supply cycles with higher quality assets outperforming weaker competition. The Materials segment now trades with an average forward P/E of about 18.6x for 2025 and has narrowed the gap above its historical valuation range of 17.6x. The initial outlook for 2025 includes an expected greater level of merger and acquisition activity as companies seek improved costs and leveraged capacity utilization.

Continued uncertainty from potential tariffs remains a near-term overhang entering 2025 for the Materials sector and raises concerns regarding additional inflationary pressures on consumers. Additional factors to monitor in 2025 include trends in housing and construction, inventory levels, input cost trends, capacity utilization, interest rates and the supply and demand balance. Challenges include the timing of recovery in demand, softness in autos and housing, tariff uncertainty, mortgage rates, China and global demand and volumes. Recovery remains mixed with expectations moderated for upside potential for riskier and lower quality companies. At year end, demand for home improvement accelerated sequentially supporting increased confidence in an investment in companies participating in the home improvement category (ie painting, furnishing, home improvement projects, etc). Competition still remains rational as companies seek to meet consumer demand and offer attractive selections. Housing market optimism improved slightly in December as measured by the Fannie Mae Home Purchase Sentiment Index as more consumers expect mortgage rates to moderate in 2025 vs 2024 vs the sentiment measured this time last year. However, mortgage interest rates have increased at the start of 2025 creating greater uncertainty. Confidence in job security for consumers also remains critical for demand. Home prices are forecast to rise in 2025 vs 2024. Selective investment among the group remains a key factor with a preference for strong management teams, high-quality businesses and strong balance sheets.

# REAL ESTATE



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-9.15%	-8.75%	1.73%	1.73%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance

Leaders	Company	1 Month
	Regency Centers Corp	-2.2%
	Equinix Inc	-3.9%
	Federal Realty Invest-	-4.0%
	Host Hotels & Resorts	-4.9%
	UDR Inc	-5.3%
Laggards	Iron Mountain Inc	-15.0%
	Crown Castle Inc	-14.6%
	Public Storage	-14.0%
	Weyerhaeuser Co	-12.7%
	Extra Space Storage Inc	-12.5%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$12.83	\$12.91	\$13.58
19.9x	19.8x	18.9x

## Sector Update

The Real Estate sector underperformed once again in December as depicted in the adjacent graphics, with the sector under significant selling pressure despite little in the way of individual company headlines. For the month, Real Estate was the third worst performing S&P sector (with only Materials and Energy delivering worse returns) - down 9.15% - in contrast to the S&P 500 that retrenched 2.50%. And, we note given the rebound experienced in 2024 by the S&P 500 driven by strength from growth sectors of the economy, defensive Real Estate lagged well behind the broad market for most of the trailing 12 months (having experienced a brief period of enhanced performance/gains when the FOMC hinted at a pending shift on interest rate policy this past summer).

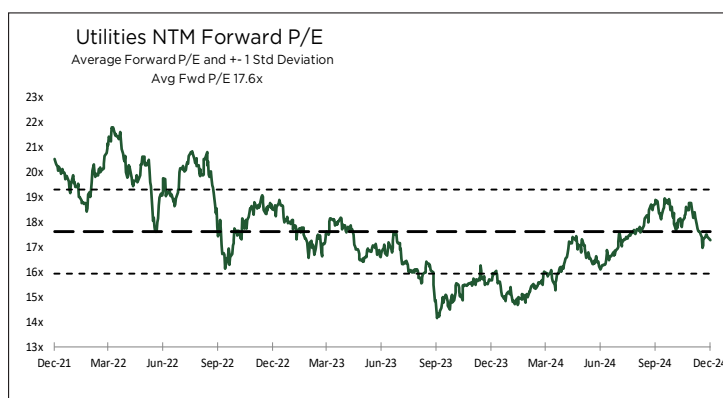
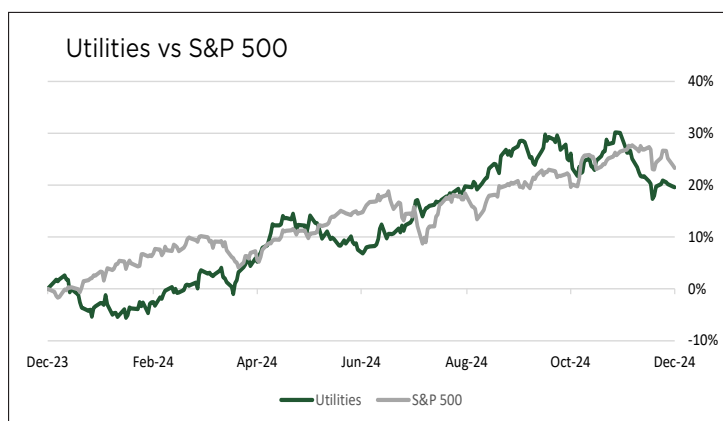
Of late, in 4Q2024, we point to two factors that likely contributed to the sustained under performance of Real Estate. First, post the November elections equity markets initially experienced a strong rally as fears over a contested election evaporated, while return of president elect Trump to the Whitehouse was viewed as being pro-growth. However, concerns over sustained deficit spending; potential new tariffs; and, stronger than anticipated employment and inflation trends combined to drive interest rates higher across the curve with the Benchmark 10-year Treasury rising close to 100 BPS from mid-September into early January (from 3.63% to 4.62%) - weighing on valuations among bond proxy oriented investments including Real Estate, while profit taking across the S&P 500 also set in.

That is, an inverse relationship exists between share prices in the Real Estate sector and interest rate movements as capitalization (cap) rates directly influence return expectations for a real estate investment tied to expected risk and growth. Historically, commercial real trades at cap rates spread above the 10-year US Treasury and, when interest rates rise, investors require a higher return to reflect rising interest expense - driving up cap rates. But since return/operating expectations are held relatively steady the higher cap rate translates into falling returns with prices/valuations for real estate investments typically declining.

We continue to view future returns for the Real Estate sector to remain closely tied to interest rates and growth prospects for the U.S. economy. Investor expectations have shifted markedly post the FOMC's December 18, 2024 session with the outlook pointing to rates remaining higher for longer. More specifically, prior to that Fed meeting, investors anticipated three, 25 basis point cuts to the Fed funds rate in 2025 - from a range of 4.50-4.75% to 3.75-4.00%. Today, post the December 2024 rate cut (with the funds rate within the range of 4.25-4.50%), investors now anticipate just one, 25 basis point funds rate cut to arise toward mid-2025 with the rate ending the year at 4.00-4.25%. Thus, shifting expectations has clearly weighed on Real Estate valuations over the past few weeks. Time will tell how the U.S. economy develops in 2025. In the meantime, the emerging AI trade should continue to drive data center demand sustaining gains for that group.



# UTILITIES



Source : Bloomberg

## Sector Performance

1 Month	3 Months	YTD	TTM
-8.07%	-6.17%	19.58%	19.58%

## S&P 500 Performance

1 Month	3 Months	YTD	TTM
-2.50%	2.07%	23.31%	23.31%

## Company Performance 1 Month

Leaders	Company	1 Month
	AES Corp/The	-1.3%
	CenterPoint Energy Inc	-2.7%
	Entergy Corp	-2.9%
	NiSource Inc	-3.5%
	DTE Energy Co	-4.0%
Laggards		
	Vistra Corp	-13.7%
	Constellation Energy	-12.8%
	Consolidated Edison Inc	-11.3%
	NRG Energy Inc	-11.2%
	Eversource Energy	-10.9%

## Consensus FY EPS / P/E

Last Year	Current Year	Next Year
\$21.08	\$20.34	\$22.27
18.3x	18.9x	17.3x

## Sector Update

The Utilities sector struggled in December, declining 8.1% in the month and underperforming the 2.5% pullback in the broader market S&P 500® index. Despite outperforming the broader market through November, the December retreat pushed Utilities 2024 relative performance into the red on a 19.6% gain compared to 23.3% for the S&P.

Interest rate action across the yield curve, including FOMC policy and longer-term rates, provided a stiff headwind to performance in December. In addition to a 40bps back-up in the ten-year US Treasury, the Fed's mid-month 'hawkish cut' and 50bps upward revision of its 2025 funds rate projection signaled higher for longer rate conditions could persist. Given the sector's historical inverse correlation with interest rates, recent performance and the outlook for 2025 remain closely linked to bond market yields. Against this backdrop, every stock in the Utilities sector posted a negative price return in December—with particular weakness among higher multiple names like Constellation (CEG) and Vistra (VST).

Still, despite interest rate linked weakness, there remains substantial growth in power demand and investment need in support of data infrastructure in the US and abroad well into the next decade. Investment requirements could continue to demand an 'all of the above' approach to generation capacity—benefitting traditional power producers, renewables, and nuclear operators alike with potential earnings growth well above historical trends.

The Utilities sector trades at a modest discount to its historical average P/E of 17.6x based on FY25 earnings estimates. Given persistence of secular growth tailwinds, the group appears reasonably valued and could be deserving of a premium valuation relative to its historical average; however, would likely require more stable bond market conditions or a falling rate environment to inspire material multiple expansion. Potential reacceleration of inflation on higher deficit spending projected under the Trump administration could apply upward pressure on bond yields, representing a key watch item for Utilities investors in the near- and medium-term.

Net, long-term focused and income-oriented investors willing to accept rate driven volatility in the near-term should consider remaining overweight the Utilities sector relative to its 2.3% representation in the S&P 500 index.



## ECONOMIC CALENDAR

<b>Date</b>	<b>Release</b>	<b>For</b>	<b>Prior</b>
6-Jan	S&P Global US Services PMI - Final	Dec	58.5
6-Jan	Factory Orders	Nov	0.5%
7-Jan	Trade Balance	Nov	-\$73.6B
7-Jan	ISM Services	Dec	52.1%
7-Jan	JOLTS - Job Openings	Nov	7.839M
8-Jan	MBA Mortgage Applications Index	1/4	-21.9%
8-Jan	ADP Employment Change	Dec	146K
8-Jan	Initial Claims	1/4	211K
8-Jan	Continuing Claims	12/27	1834K
8-Jan	Wholesale Inventories	Nov	0.0%
8-Jan	EIA Crude Oil Inventories	1/4	-1.18M
8-Jan	EIA Natural Gas Inventories	1/4	-116 bcf
8-Jan	FOMC Minutes	Dec. 17-18	NA
8-Jan	Consumer Credit	Nov	\$17.3B
10-Jan	Nonfarm Payrolls	Dec	227K
10-Jan	Nonfarm Private Payrolls	Dec	194K
10-Jan	Avg. Hourly Earnings	Dec	0.4%
10-Jan	Unemployment Rate	Dec	4.2%
10-Jan	Average Workweek	Dec	34.3
10-Jan	Univ. of Michigan Consumer Sentiment - Prelim	Jan	74
13-Jan	Treasury Budget	Dec	-\$367.0B
14-Jan	Core PPI	Dec	0.20%
14-Jan	PPI	Dec	0.4%
15-Jan	MBA Mortgage Applications Index	1/11	-3.7%
15-Jan	CPI	Dec	0.3%
15-Jan	Core CPI	Dec	0.3%
15-Jan	<b>Empire State Manufacturing</b>	Jan	0.2
15-Jan	EIA Crude Oil Inventories	1/11	-0.959M
16-Jan	Retail Sales	Dec	0.70%
16-Jan	Retail Sales -ex auto	Dec	0.20%
16-Jan	Initial Claims	1/11	201K
16-Jan	Continuing Claims	1/4	1876K
16-Jan	Philadelphia Fed Index	Jan	-16.4
16-Jan	Export Prices	Nov	0.0%
16-Jan	Export Prices -ex ag.	Dec	0.10%
16-Jan	Import Prices	Nov	0.10%
16-Jan	Import Prices -ex oil	Dec	0.00%
16-Jan	Business Inventories	Nov	0.10%
16-Jan	NAHB Housing Market Index	Jan	46
16-Jan	EIA Natural Gas Inventories	1/11	-40 bcf
17-Jan	Housing Starts	Dec	1289K
17-Jan	Building Permits	Dec	1505K

## ECONOMIC CALENDAR

17-Jan	Industrial Production	Dec	-0.10%
17-Jan	Capacity Utilization	Dec	76.80%
17-Jan	Net Long-Term TIC Flows	Nov	\$152.3B
22-Jan	MBA Mortgage Applications Index	1/18	NA
22-Jan	Leading Indicators	Dec	0.30%
22-Jan	EIA Crude Oil Inventories	1/18	NA
23-Jan	Initial Claims	1/18	NA
23-Jan	Continuing Claims	1/11	NA
23-Jan	EIA Natural Gas Inventories	1/18	NA
24-Jan	Existing Home Sales	Dec	4.15M
24-Jan	Univ. of Michigan Consumer Sentiment - Final	Jan	NA
27-Jan	New Home Sales	Dec	664K
28-Jan	Durable Orders	Dec	-1.10%
28-Jan	Durable Goods -ex transportation	Dec	-0.10%
28-Jan	FHFA Housing Price Index	Nov	0.40%
28-Jan	S&P Case-Shiller Home Price Index	Nov	4.20%
28-Jan	Consumer Confidence	Jan	104.7
29-Jan	MBA Mortgage Applications Index	1/25	NA
29-Jan	Adv. Intl. Trade in Goods	Dec	-\$102.8B
29-Jan	Adv. Retail Inventories	Dec	0.30%
29-Jan	Adv. Wholesale Inventories	Dec	-0.20%
29-Jan	EIA Crude Oil Inventories	1/25	NA
29-Jan	FOMC Rate Decision	Jan	4.25%-4.50%
30-Jan	GDP-Adv.	Q4	3.10%
30-Jan	GDP Deflator-Adv.	Q4	1.90%
30-Jan	Initial Claims	1/25	NA
30-Jan	Continuing Claims	1/18	NA
30-Jan	Pending Home Sales	Dec	2.20%
30-Jan	EIA Natural Gas Inventories	1/25	NA
31-Jan	Personal Income	Dec	0.30%
31-Jan	Personal Spending	Dec	0.40%
31-Jan	PCE Prices	Dec	0.10%
31-Jan	PCE Prices - Core	Dec	0.10%
31-Jan	Employment Cost Index	Q4	0.80%
31-Jan	Chicago PMI	Jan	36.9

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## **Past performance is not indicative of future results.**

An index is not available for direct investment; therefore, its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Sectors and sector components defined by Standard & Poor's GICS Level 1 index. For the list of all holdings in GICS Level 1 index sectors, contact your Davenport Financial Advisor.

**Leaders:** Represent top five best stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Laggards:** Represent top five worst stock price performance in the most recent calendar month within their respective GICS Level 1 Sector

**Members:** The GICS Level 1 Telecommunication Services sector has only three component companies. This sector will not include "Leaders and Laggards", but will show all three members and their price performance over the previous calendar month.

**S&P 500®:** The S&P 500 Index is comprised of 500 U. S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index.

**Dow Jones Industrials:** The Dow Jones Industrial Average is an index of 30 "blue chip" stocks of U.S. "industrial" companies.

**NASDAQ Composite:** The Nasdaq-100 Index is a "modified capitalization-weighted" index designed to track the performance of a market consisting of the 100 largest and most actively traded non-financial domestic and international securities listed on The Nasdaq Stock Market, based on market capitalization.

**Russell 2000®:** The Russell 2000® Index is a capitalization-weighted index designed to measure the performance of a market consisting of the 2,000 smallest publicly traded U.S. companies (in terms of market capitalization) that are included in the Russell 3000® Index. Source: London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication.

**FTSE 100:** The FTSE 100 is an index of the leading shares on the London Stock Exchange. **Shanghai Composite:** The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

**Nikkei Stock Average:** Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index comprised of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the United States.

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**MSCI Emerging Markets:** The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. (MSCI Website).

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**US Dollar Index (USD, DXY):** An index (or measure) of the value of the United States dollar relative to a basket of currencies, often referred to as a basket of US trade partners' currencies.

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