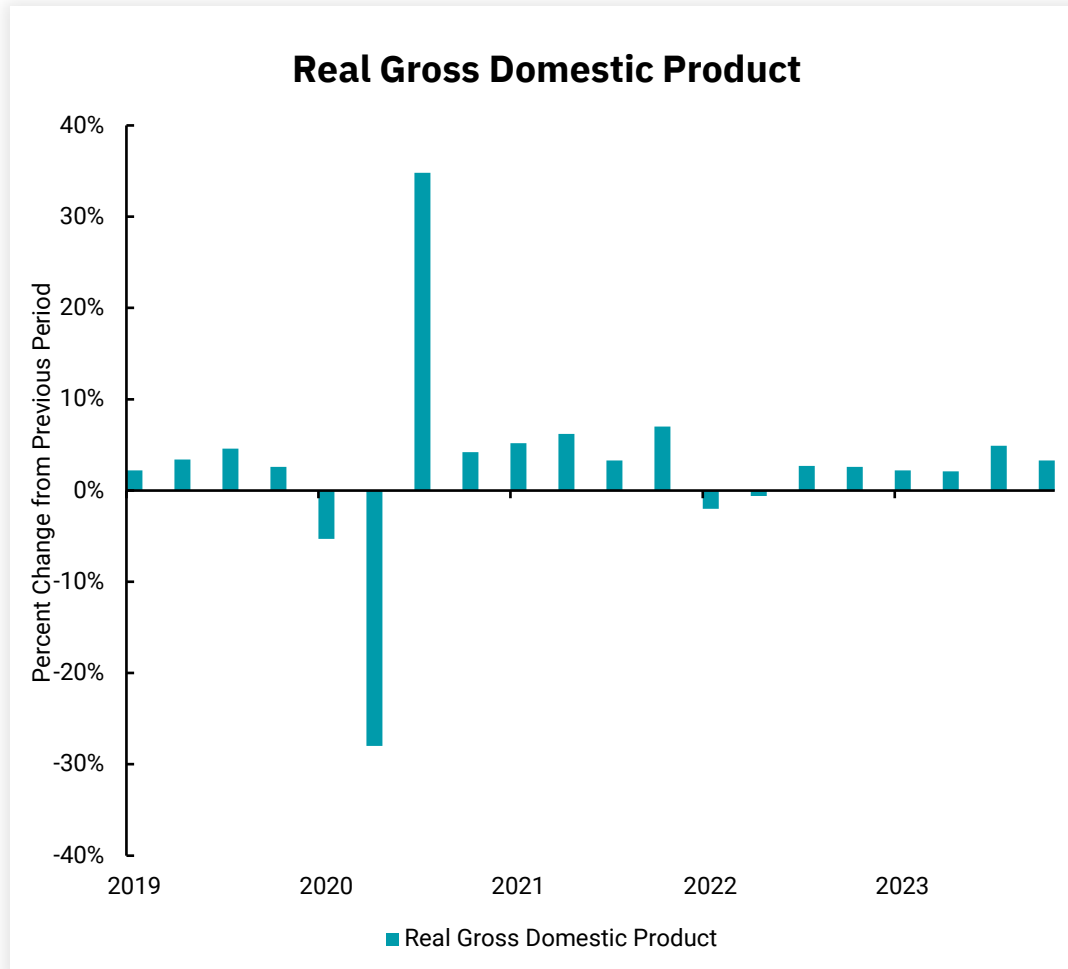


# Weekly market update



## Chart of the week (Jan. 26, 2024)



The U.S. economy was expected to slow in the fourth quarter, after growing by an inflation-adjusted rate of 4.9% in the third quarter of 2023. And while growth did slow, it was still quite a bit higher than expected, with inflation-adjusted growth totaling 3.3% (compared to an anticipated 2%). In addition, the rate of inflation embedded within the number, the “GDP deflator”, was lower than expected, which helped produce a near-ideal condition—higher real growth with lower inflation.

After starting the year slowly, the overall expectation for growth in 2023 was around 1.9%. However, this third and fourth-quarter growth means the rate will be closer to 2.5%. I say “closer” because the fourth quarter GDP number will be revised over the next couple of months, which could impact the final score on growth. Suffice it to say, though, that 2023 was a year where the economy’s resilience surprised many to the upside. Despite higher rates, which now appear to have peaked in July of 2023 at 5.25-5.5%, the employment market remained firm. In fact, since the Federal Reserve began one of the most aggressive tightening cycles in history in March 2022, the unemployment rate has only moved from 3.6% to 3.7%. The robust nature of the job market has served as a huge support for an economy based primarily on consumer spending.

Looking forward, we think the impact of higher rates will continue to be revealed over the next few months as higher borrowing costs start to bite. Still, the economy has significant momentum as we enter an election year where we expect fiscal spending to remain a tailwind for growth.

Meanwhile, the lower-than-expected GDP deflator figure adds to the overall picture of [slowing inflation](#), as measured by the [Consumer Price Index \(CPI\)](#), [Producer Price Index \(PPI\)](#) and the Fed’s preferred measure of inflation—the [Personal Consumption Expenditures Price Index \(PCE\)](#). The fact that inflation is slowing should provide the Fed room to begin to lower rates as we move through 2024. The Fed has its first meeting of the year next week, and while there is a very low chance of any rate action, the spread between inflation and the overnight Fed Funds rate is widening. Looking at core PCE over the last three to six months, inflation is annualizing at or very near the Fed’s 2% target. The year-over-year number is still elevated at 3.2%, down from a peak of 5.1%, but the direction of inflation is lower and calls for the Fed to consider a March cut are rising.

There is much for the Fed to consider when implementing monetary policy, but they are in an advantageous position now as economic growth is positive and unemployment remains low. Operating in a non-crisis environment also is an advantage. They should try to make sure their action, or inaction, doesn’t cause one.

# Weekly market update



## Commentary (Jan. 26, 2024)

### Domestic Equities

- The Dow Jones Industrial Average and the S&P 500 Index hit new all-time highs this week, surpassing levels not seen since the end of 2021. Evidence of cooling inflation without significant economic slowing is helping fuel the rally.
- Core PCE, the Fed's favored inflation gauge, rose less than 3% year-over-year in December. The six-month average annualized rate fell to 1.9%, which could give the Fed confidence that inflation has declined to near its target.
- Consumers continue to spend at a healthy rate. The largest banks reported increased charge-offs for bad loans, but not at alarming or unexpected levels.
- Intel's earnings report released Friday cooled the big-tech rally. Lower-than-expected sales expectations took the stock down over 11% and weighed on other semiconductor names.

### Bonds

- U.S. Treasuries were mixed on conflicting economic data and varied auction results with the six-month to five-year part of the curve moving lower, while yields on most remaining tenors were flat to higher.
- U.S. credit markets were broadly positive, benefitting from lower intermediate-term rates around narrowing spreads. Across the market, hybrid securities and lower-quality credit outperformed, tracking the rally in equities.
- In international markets, the People's Bank of China (PBOC) announced it would be cutting the reserve ratio requirements (RRR) rate on Feb. 5<sup>th</sup> to help stabilize the market. Meanwhile, as widely expected, the European Central Bank (ECB) held policy rates unchanged on Thursday. However, in the post-meeting press conference, President Lagarde surprised markets by not pushing back on rate cut expectations. At week-end, the market is pricing a 70% probability that the ECB will begin cutting rates in April.

### International Equities

- Global stocks moved higher as investors digested a flurry of economic data releases, corporate earnings announcements and key central bank policy meetings in Japan, Europe and Canada.
- Developed markets rallied after last week's losses as strength across European markets drove returns. European technology stocks rose over 9% as ASML, one of the world's largest foreign technology stocks, rallied over 14% for the week. This Netherlands-based company that produces advanced semiconductor-manufacturing equipment surprised investors by recording strong demand for their products during the fourth quarter.
- Emerging markets found momentum this week, led by solid performance from Asian markets. That's after three consecutive weeks of losses. Chinese stocks rose this week after policymakers promised to take additional measures to boost confidence and stimulate economic growth.

### Economics

- The Bureau of Economic Analysis (BEA) reported fourth-quarter GDP increased by 3.3% at an annualized rate. The increase in GDP was broad-based, with consumer spending, exports, government spending, residential and non-residential fixed investment all adding to rising economic growth.
- The BEA also reported personal income increased 0.3% in December as wages and salaries increased in the month. Personal spending increased 0.7% as spending on both goods and services rose. The personal savings rate declined to 3.7%, the lowest level since December 2022.
- Finally, the BEA reported the 12-month inflation rate of personal consumption expenditures (PCE) was 2.6%. Core PCE inflation, which excludes food and energy, declined 0.3%, reaching 2.9% over the prior 12 months.
- The January jobs report will be released on Friday.

## Weekly Market Update

For Week Ending January 26, 2024

### Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
<b>Capital Markets</b>				
Dow Jones Industrial Avg	38,109.43	0.6%	1.2%	14.7%
S&P 500 Index	4,890.97	1.1%	2.6%	22.4%
NASDAQ Composite	15,455.36	0.9%	3.0%	35.4%
S&P 400 Midcap Index	2,763.77	0.8%	-0.6%	7.7%
S&P 600 Smallcap Index	1,290.07	1.6%	-2.1%	5.7%
MSCI EAFE	7,739.97	2.0%	-0.6%	8.6%
MSCI Emerging Markets	513.88	1.5%	-3.7%	-4.0%
Bloomberg US Agg	2,133.99	0.1%	-1.3%	1.1%
Bloomberg Municipal 5 Yr	485.09	0.0%	-0.8%	1.5%
Bloomberg US Corporate	3,186.35	0.2%	-1.1%	3.3%
Bloomberg Glb Agg ex US Hdg	560.44	0.1%	-0.8%	5.3%
Bloomberg High Yield	2,478.31	0.6%	-0.1%	9.1%
MSCI US REIT Index	2,085.43	-0.7%	-3.0%	0.6%
Bloomberg Commodity Index	227.68	2.2%	0.5%	-7.4%

	Last Price/Yield	Prior Week	Year End	Year Ago
<b>Key Rates</b>				
Fed Funds Target	5.50%	5.50%	5.50%	4.50%
3-Month Treasury	5.35%	5.34%	5.33%	4.66%
1-Year Treasury	4.77%	4.84%	4.76%	4.66%
2-Year Treasury	4.35%	4.38%	4.25%	4.18%
5-Year Treasury	4.04%	4.05%	3.85%	3.59%
7-Year Treasury	4.10%	4.09%	3.88%	3.55%
10-Year Treasury	4.14%	4.12%	3.88%	3.49%
30-Year Treasury	4.37%	4.33%	4.03%	3.64%

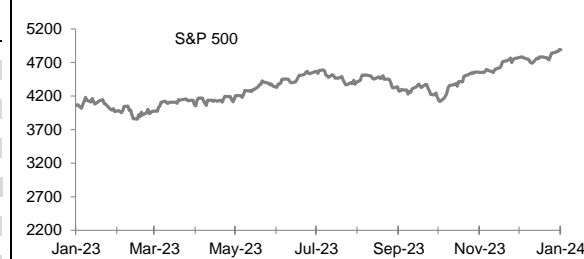
	Last Price/Yield	Prior Week	Year End	Year Ago
<b>Consumer Rates</b>				
30-Year Mortgage	6.99%	7.03%	6.99%	5.83%
Prime Rate	9.25%	9.25%	8.50%	8.25%
SOFR	5.32%	5.31%	5.38%	4.30%

	Last Price	Prior Week	Year End	Year Ago
<b>Commodities</b>				
Gold	2,018.52	2,029.49	2,062.98	1,929.21
Crude Oil (WTI)	78.01	73.25	71.65	76.66
Gasoline	3.10	3.08	3.12	3.51
Natural Gas	2.71	2.52	2.51	4.28
Copper	3.85	3.79	3.89	4.27

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
<b>Index Characteristics</b>				
Dow Jones Industrial Avg	18.22	21.60	4.89	1.89
S&P 500	20.76	22.09	4.59	1.44
S&P 500 Value	16.03	19.04	3.03	2.37
S&P 500 Growth	27.64	25.46	7.98	0.65
NASDAQ	28.39	36.76	6.19	0.77
S&P Midcap 400	15.59	15.86	2.40	1.96
S&P Smallcap 600	15.13	14.22	1.81	1.72
MSCI EAFE	13.70	13.92	1.74	3.32
MSCI Emerging Markets	11.76	14.11	1.56	3.23

Source: Bloomberg

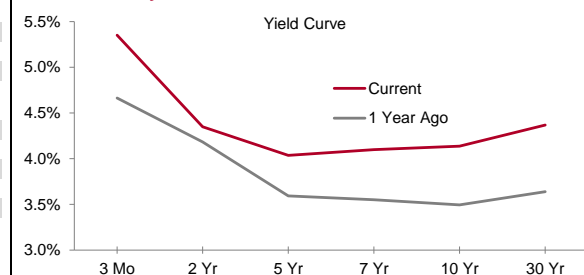
### Equity Style



	1 Month*				Year to Date*		
	Value	Core	Growth		Value	Core	Growth
Large	0.59	2.53	4.24	> 10%	0.49	2.62	4.48
Mid	-2.33	-1.48	-0.65	0% - 10%	-1.53	-0.59	0.33
Small	-3.97	-3.20	-2.45	< 0%	-2.92	-2.07	-1.24

\*S&P Indices

### Fixed Income Style



	1 Month*				Year to Date*		
	Short	Interm.	Long		Short	Interm.	Long
Govt	0.25	-0.21	-4.35	> 10%	0.09	-0.46	-4.87
Corp	0.43	-0.03	-1.79	0% - 10%	0.23	-0.40	-2.40
HY	0.51	0.22	0.15	< 0%	0.28	-0.06	-0.15

1-3 Yrs 1-10 Yrs +10 Yrs

### Economic Data

	Last Release	Year Ago
<b>Inflation</b>		
CPI Headline Inflation	3.4%	6.5%
CPI Core Inflation	3.9%	5.7%
Personal Consumption Exp (PCE) Core	2.9%	4.9%

	Last Release	Year Ago
<b>Jobs</b>		
Unemployment Rate (U3)	3.7%	3.5%
Broader Unemployment Rate (U6)	7.1%	6.5%
JOLT Survey (in millions)	8.79	10.75
Jobless Claims (000's)	214	194
Change in Non-Farm Payroll (000's)	216	239
Average Hourly Earnings (Y/Y % Change)	4.1%	4.8%

	Last Release	Year Ago
<b>Consumer &amp; Spending</b>		
Consumer Confidence (Conf Board)	110.7	109.0
Consumer Spending (\$ Bil)	19,002	17,944
Consumer Credit (\$ Bil)	5,010	4,875
Retail Sales (\$ Bil)	710	672

	Last Release	Year Ago
<b>Housing</b>		
Housing Starts (000's)	1,460	1,357
Case-Shiller Home Price Index	312.95	298.71

	Last Release	Year Ago
<b>U.S. Productivity</b>		
Real Gross Domestic Product (\$ Bil)	22,673	21,990
Quarter over Quarter Change	3.3%	2.6%
Year Over Year Change	3.1%	0.7%
ISM Manufacturing	47.40	48.40
Capacity Utilization	78.57	78.92
Markit US Composite PMI	52.30	46.80

	Last Release	Year Ago
<b>U.S. General</b>		
Leading Economic Indicators	103.1	111.0
Trade Weighted Dollar Index	121.0	119.6
EUR / USD	1.09	1.09
JPY / USD	148.15	130.22
CAD / USD	0.74	0.75
AUD / USD	0.66	0.71

### S&P 500 Sector Returns

	1 Month	YTD
Communication Services	8.44%	9.13%
Information Technology	5.82%	5.95%
Financials	3.12%	2.74%
Health Care	2.94%	2.17%
Consumer Staples	1.80%	1.13%
Energy	-1.60%	0.63%
Industrials	-0.41%	-0.42%
Consumer Discretionary	-3.58%	-2.83%
Utilities	-2.82%	-3.36%
Materials	-4.10%	-3.61%
Real Estate	-3.81%	-3.85%

© 2024 BOK Financial Corp. Services provided by BOKF, NA, Member FDIC. BOKF, NA is the banking subsidiary of BOK Financial Corporation. BOK Financial Corporation (BOKF) offers wealth management and trust services through various affiliate companies and non-bank subsidiaries including advisory services offered by BOKF, NA and its subsidiary Cavanaugh Hill Investment Management, Inc., an SEC registered investment adviser. BOKF offers additional investment services and products through its subsidiary BOK Financial Securities, Inc., a broker/dealer, member FINRA/SIPC, and an SEC registered investment adviser and BOK Financial Private Wealth, Inc., also an SEC registered investment adviser. The information in the report was prepared by (SIA) Strategic Investment Advisors of BOKF, NA which is a division of BOK Financial Corporation.

This report is not to be considered a recommendation of any particular security, strategy or investment product, nor is it intended to provide personal investment advice. It does not take into account any specific investment objectives, financial situations, or particular needs of any specific person who may receive this report. The information provided in this presentation is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this report and should understand that statements regarding future prospects may not be realized. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

Investments are not insured by the FDIC and are not guaranteed by any bank or bank affiliate. Investments are subject to risks, including the possible loss of the principal amount invested. This report may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF. Any unauthorized use or disclosure is prohibited.

# Disclosures

---



The information provided herein was prepared by the Investment Management team of BOKF, NA. BOKF, NA is the bank subsidiary of BOK Financial Corporation (BOKF), a financial services holding company (NASDAQ:BOKF). BOKF offers trust and wealth management services through its subsidiaries including BOKF, NA (and its banking divisions Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, and BOK Financial) and investment advisory services through its non-bank subsidiaries, Cavanal Hill Investment Management, Inc., and BOK Financial Private Wealth, Inc., each an SEC registered investment adviser, and BOK Financial Securities, Inc., also an SEC registered investment adviser and registered broker/dealer, member FINRA/SIPC (each an "Investment Affiliate") (collectively, "BOKF"). Distribution of this document is intended for informational purposes. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The opinions expressed herein reflect the judgment of the author(s) as of the date prepared and are subject to change without notice and are not a complete analysis of any sector, industry, or security regardless of the date on which the reader may receive or access the information. The information provided is intended to be educational in nature and not advice relative to any investment or portfolio offered through an Investment Affiliate, and does not constitute any form of regulated financial, legal, or tax advice, or other regulated financial service. The content provided herein is not a solicitation for the investment management services of any Investment Affiliate, nor is it intended to constitute a recommendation for, or advice to, any specific person on behalf of any Investment Affiliate, as it does not take into account the financial objectives, situation, or needs of any specific person. This information is provided on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of said content, any risks associated therewith, and any related legal, tax, accounting, or other material considerations. Recipients should not solely rely on this material in making any future investment decision. To the extent that the recipient has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, they are encouraged to consult with a qualified lawyer, accountant, or financial professional.

This document may contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections, the securities and credit markets and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security or market segment involve judgments as to expected events and are inherently forward-looking statements. These statements are not guarantees of future performance. Likewise, past performance is not a guarantee of future results. This content is prepared for the use of the Investment Affiliates and their clients and prospective clients, and may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF or BOKF, NA. Any unauthorized use or disclosure is prohibited. Receipt and review of this document constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein. This report should not be distributed without the attached disclosures, and is considered incomplete if the disclosures are not attached.

\*This chart is for illustrative purposes only and not indicative of any actual investment.

Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Investing involves risks, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

BOK Financial® is a trademark of BOKF, NA. Member FDIC. Equal Housing Lender. 2024 BOKF, NA.

**INVESTMENT AND INSURANCE PRODUCTS ARE: NOT FDIC INSURED | NOT GUARANTEED BY THE BANK OR ITS AFFILIATES | NOT DEPOSITS | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | MAY LOSE VALUE**