

## THINGS TO WATCH

### Fed Meeting

The Federal Open Market Committee (FOMC) is expected to keep its policy rate range of 4.25%-4.50% unchanged on Wednesday afternoon after cutting by a combined 100 basis points at its three previous meetings. Fed Chair Powell has recently indicated that a strong labor market would not prevent further policy easing assuming annual inflation continues trending toward 2%. Minutes from the December 17-18 FOMC meeting showed many officials had concerns that the Trump administration's policy mix will be inflationary. Last week, President Trump said he will "demand that interest rates drop immediately."

### AI CapEx

Guidance from Microsoft (MSFT) and Meta Platforms (META) this week on expected capital expenditures in coming quarters could set the tone for artificial intelligence-related areas of the market and mega cap technology more broadly. Both companies report quarterly results on Wednesday after the market closes. Late last week, META CEO Mark Zuckerberg said the company plans to build a data center "so large that it would cover a significant portion of Manhattan."

### 4Q U.S. GDP

Did the domestic economy grow at an annual rate of 2.5% or better for the third straight quarter? Investors will find out Thursday morning, when Bureau of Economic Analysis data is expected to show the gross domestic product (GDP) of the world's largest economy expanded at a 2.6% clip in the final three months of the year. The last time real U.S. GDP growth recorded three consecutive 2.5%-plus quarterly readings was in 2021.

### Caterpillar (CAT)

On Thursday morning, CAT's fourth quarter results could display further momentum in its energy & transportation (E&T) segment driven by sales of industrial scale power generators to data center customers. In recent quarters, E&T strength has offset weak volumes and pricing in CAT's core construction equipment business.

| LAST WEEK'S ECONOMIC DATA                 | LATEST | 3MO PRIOR | CHANGE |
|---|--------|-----------|--------|
| Continuing Jobless Claims (Thousands)     | 1,899  | 1,888     | ▲      |
| S&P Global U.S. Manufacturing PMI         | 50.1   | 48.5      | ▲      |
| S&P Global U.S. Services PMI              | 52.8   | 55.0      | ▼      |
| Existing Home Sales (Millions Annualized) | 4.24   | 3.83      | ▲      |
| U. of Mich. Consumer Sentiment            | 71.1   | 70.5      | ▲      |

| INDEX                 | LEVEL    | WEEK  | YTD   | 12 MO  |
|-----------------------|----------|-------|-------|--------|
| DJ Industrial Average | 44424.25 | 2.17% | 4.48% | 19.66% |
| NASDAQ                | 19954.30 | 1.47% | 3.17% | 29.61% |
| S&P 500               | 6101.24  | 1.77% | 3.81% | 27.04% |
| MSCI EAFE             | 2339.46  | 3.24% | 4.83% | 9.74%  |
| BB U.S. Aggregate     | 2187.63  | 0.08% | 0.10% | 2.97%  |

| KEY BOND RATES   | WEEK  | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill   | 4.30% | 4.31%   | 5.36%   |
| 10-Year Treasury | 4.62% | 4.59%   | 4.18%   |

| REPORTS DUE THIS WEEK                  | LATEST |
|--|--------|
| New Home Sales (Thousands Annualized)  | 664    |
| Building Permits (Millions Annualized) | 1.48   |
| Conf. Board Consumer Confidence        | 104.7  |
| GDP (Q/Q Annualized) - First Estimate  | 3.1%   |
| Core PCE Price Index (Y/Y)             | 2.8%   |

Total returns are as of 1/24/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

48

The number of days it took the S&P 500 to record a new closing high of 6,118.17 last Thursday following the prior high of 6,086.37 on December 6. The index drew down by 4.3% over this stretch, bottoming at 5,827.04 on January 10 amid a backup in bond yields. Over these 48 days, the best performing sectors in the index were communication services (+4.4%), energy (+1.4%), and industrials (+1.1%), while real estate (-5.0%) and consumer staples (-4.9%) were the biggest laggards.

100,000

The number of jobs Trump administration officials estimate the Stargate Initiative will create over four years in industries including commercial construction, energy infrastructure, and engineering. The program, which seeks to raise \$500 billion of private sector funds to expand U.S. artificial intelligence infrastructure, was unveiled at the White House last week by Trump, Oracle (ORCL) CEO Larry Ellison, SoftBank Group leader Masayoshi Son, and OpenAI co-founder Sam Altman.

## DISCLOSURES



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