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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

January 21, 2025

"To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment." Ralph Waldo Emerson

MARKETS

Macro Recap: High interest rates continued to impact the U.S. residential real estate market in 2024. The National Association of Realtors reported on Friday that existing home sales fell to their lowest annual level since 1995, with a total of 4.06 million homes sold last year, a decrease of less than 1% from 2023.

The price of U.S. crude oil dropped over 3%, ending a streak of four consecutive weekly gains. On Friday afternoon, oil was trading at around $74 per barrel, down from a recent high of over $80 per barrel on January 15. Despite this drop, oil prices were up about 5% year-to-date through Friday.

According to a University of Michigan survey released on Friday, U.S. consumer sentiment weakened in January for the first time in six months. Compared to the previous month's survey, more participants expressed expectations that inflation and unemployment would rise this year.

Equity Recap: The major U.S. stock indexes rose for the second consecutive week, with a Thursday rally propelling the S&P 500 past its record high from seven weeks ago. Both the Dow and the NASDAQ posted weekly gains of approximately 2%, though they remained about 1% below their record highs from last month.

Bond/Rate Recap: Yields on U.S. government debt remained stable. The yield on the 10-year Treasury fell by 3 basis points, from 4.63% to 4.60%, while the yield on the 2-year note decreased by 2 basis points to 4.26%.

Week Ahead: It's widely anticipated that the U.S. Federal Reserve will keep interest rates unchanged after its two-day meeting on Wednesday. The Fed reduced rates by a full percentage point over its final three policy meetings of 2024, but mixed inflation data has clouded the outlook for further cuts.

The U.S. government's initial estimate of fourth-quarter GDP, scheduled for release on Thursday, is expected to indicate that the economy continued on a solid growth trajectory. This follows a 3.1% annual growth rate in the third quarter of last year and a 2.0% rate in the second quarter.

INDICES

	Jan 24 Close	Jan 20 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	44,424	43,488	2.2%	42,544	4.4%
S&P 500	6,101	5,997	1.7%	5,882	3.7%
NASDAQ	19,954	19,630	1.7%	19,311	3.3%
Russell 2000	2,308	2,276	1.4%	2,230	3.5%
KBW Bank Indx	137.7	136.3	1.0%	127.5	8.0%
Bitcoin	$102,870	$102,917	0.0%	$93,714	9.8%
Oil (WTI)	$74.14	$76.84	-3.5%	$71.72	3.4%
Gold	$2,768	$2,708	2.2%	$2,625	5.5%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.29	4.30	-0.01	4.31	-0.02
2yr UST	4.26	4.28	-0.02	4.24	0.02
10yr UST	4.60	4.63	-0.03	4.57	0.02
2-10yr UST Spread	33	34	-1	33	0
2y AAA Muni/10y UST	65.2%	66.1%	-1.0%	66.5%	-1.3%
10y AAA Muni/10y UST	68.0%	69.1%	-1.2%	68.4%	-0.5%
5yr Inflation Forecast	2.55	2.54	0.01	2.42	0.13

Week Ahead

- **Monday:** New home sales
- **Tuesday:** Case-Shiller 20-City Home Price Index, Cons Conf, Dur goods
- **Wednesday:** FOMC rate decision
- **Thursday:** 4th Q GDP, Pending home sales
- **Friday:** PCE price index

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