PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

December 23, 2024

Market Commentary

Last Week's Highlights: Equities lost some luster after the Fed pulled the rug out from under investors last week. The Dow was down 2.25% last week, while the S&P 500 lost 1.99%, the Nasdaq was down 1.78%, while the Russell 2000 gave up 4.45%. Bond yields were mostly higher for the week, with bonds moving lower. The BBgBarc Agg Bond Index was down 0.71% for the week, while short-term bonds were down 0.12%. The US dollar was slightly higher for the week, helping push international equities lower. The MSCI EAFE Index was down 3.73%, while the MSCI Emerging Markets Index declined 3.39%. **Economic Data:** Economic data is light during the Christmas holiday week. The key economic data releases this week are Chicago Fed National Activity Index, Durable Goods, CB Consumer Confidence, New Home Sales, Building Permits, Redbook Sales, New Home Sales, Richmond Fed Manufacturing Index, Initial Jobless Claims, Continuing Claims, & Case-Shiller Home Price Index. **Earnings Releases:** Just a few names report this week in a holiday-shortened week. The key earnings releases this week are MESA, CMPD, BCV, & USAU. **Takeaways:** The market was side-swiped by the surprise Fed announcement last week. While rates were cut by 25 basis points (as expected), rate cut projections for 2025 were sliced in half. Just 3 short months ago, equities cheered as the Fed forecasted four rate cuts next year. On Wednesday, the Fed shifted gears and forecasted only two rate cuts in 2025. Equities sold off more than 2% after the Fed's announcement. In addition, the Fed raised its 2025 projection of inflation from 2.1% back in September to 2.5% as of last Wednesday. Meanwhile, investors continue to pour money into equities. Investors currently have record high allocations to U.S. equities, while at the same time, allocations to cash are the lowest on record. Volatility spiked last week in response to the new revelations from the Fed meeting. The VIX Index is now trading higher than both its 50-day and 200-day moving averages, potentially indicating volatility may be sticking around for the foreseeable future. One would expect trading volumes to be lower this week, as is typical during the Christmas holiday week. However, the "Santa Clause" rally could be in jeopardy post-Fed meeting. Investors should stay focused on sound financial planning and risk-management instead of chasing already over-priced equities in this environment.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-1.17%	38.24%
Industrials	-3.33%	17.77%
Energy	-5.54%	3.85%
Communication Svcs	-2.07%	40.41%
Basic Materials	-4.84%	-0.62%
Consumer Cyclical	-3.04%	27.97%
Financial Svcs	-2.34%	31.25%
Real Estate	-4.74%	4.25%
Consumer Defensive	-2.98%	15.54%
Healthcare	-2.16%	2.71%
Utilities	-1.35%	27.16%

Key Indices	1 Week Return	YTD Return
S&P 500	-1.99%	24.34%
Dow Jones Industrial Average	-2.25%	13.67%
Russell 2000	-4.45%	10.62%
Nasdaq	-1.78%	30.39%
MSCI EAFE	-3.73%	-0.02%
BBgBarc Agg Bond	-0.71%	1.38%
60% S&P / 40% BB Agg Bond	-1.79%	15.16%

Key Rates—as of 12/20/2024	
3mth T-bills	4.33%
2yr U.S. Treasury	4.32%
10yr U.S. Treasury	4.52%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-2.47%	-2.55%	-2.32%
Mid	-3.23%	-3.24%	-2.74%
Small	-4.47%	-4.77%	-3.51%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	14.58%	24.93%	29.97%
Mid	11.73%	14.48%	23.23%
Small	8.92%	10.10%	14.92%

See important disclosures on last page.

Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It stands at a level of 19. The ANCFI, and the Financial Stress Index are at a positive levels. The Weekly Economic Index, CPI, KC Labor Market Index, & S&P 200 DMA are at moderate levels. The Yield Curve, Consumer Sentiment, Sahm Rule, Housing Starts, & the Savings Rate are at warning levels.

Probability of Recession	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

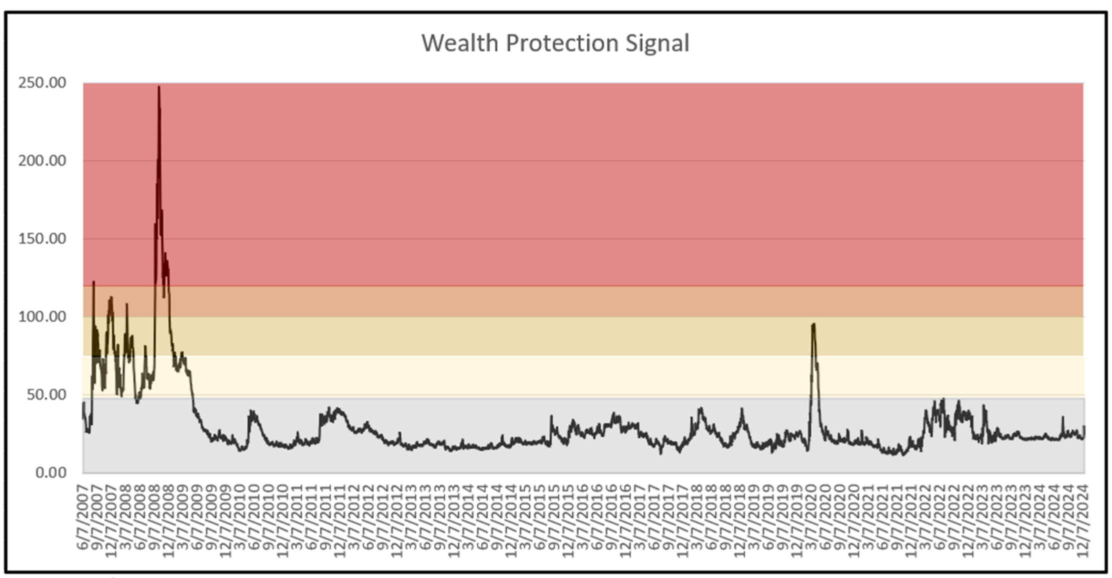
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 24.90 as of Friday's close on December 20th, 2024. The Signal increased 11.2% last week. Volatility spiked after the Fed's surprise announcement last week, but eased off the high toward week's end. The Signal would have to increase 81% to reach the first cash raise trigger. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
24.90
12/20/2024

See important disclosures on last page.

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.