PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

December 16, 2024

Market Commentary

Last Week's Highlights: A lack of breadth kept most sectors down for the week. The Dow was down 1.82% last week, while the S&P 500 lost 0.64%, the Nasdaq was up 0.34%, while the Russell 2000 lost 2.58%. Bond yields were mixed for the week, with leg of the curve fully steepened. The BBgBarc Agg Bond Index was down 1.41% for the week, while short-term bonds were down 0.09%. The US dollar was slightly higher for the week, which caused international equities to be mixed. The MSCI EAFE Index was down 1.60%, while the MSCI Emerging Markets Index gained 0.19%. **Economic Data:** There's a flurry of economic data to digest this week, along with more inflation data. The key economic data releases this week are NY Empire State Manufacturing Index, S&P Manufacturing PMI (P), S&P Services PMI (P), Retail Sales, Rebook Sales, Capacity Utilization Rate, Industrial Production, Business Inventories, NAHB Housing Market Index, Building Permits (P), Housing Starts, FOMC Interest Rate Decision, Q3 GDP (2nd Revision), Initial Jobless Claims, Continuing Claims, Philly Fed Manufacturing Index, US Leading Index, Existing Home Sales, KC Fed Manufacturing Index, PCE Price Index, Personal Income, Personal Spending, & UoM Consumer Sentiment. **Earnings Releases:** A few tech names and retailers report the last couple weeks of the year. The key earnings releases this week are MESA, FCEL, MU, LEN, GIS, CAN, NKE, FDX, DRI, BB, CCL, & LTRE. **Takeaways:** Markets got a little spooked by the higher than expected inflation data. The Producer Price Index (PPI) especially surprised, putting year-over-year PPI ahead of CPI (Consumer Price Index), which could be a sign of higher inflation moving forward. And yet, in spite of the data, futures show at least a 97% probability of another Fed rate cut this week. Lower rates would spur greater economic activity, which would in turn, lead to higher inflation. The yield curve has been inverted for more than two years, but the final leg of the curve finally uninverted last week. Meanwhile, investors continue piling into equities. November say record inflows into large cap equity ETFs, while corporate insiders continue selling shares. A lack of breadth is indicative in the number of stocks out-pacing the S&P 500 Index. Currently only 31% of the components of the index are actually out-performing the benchmark - reminiscent of 1999. Investors will be eyeing the language from the Fed to get a clue as to what next year's policy might look like.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-0.71%	39.87%
Industrials	-2.24%	21.83%
Energy	-1.84%	9.93%
Communication Svcs	2.30%	43.38%
Basic Materials	-3.23%	4.43%
Consumer Cyclical	1.07%	31.98%
Financial Svcs	-2.01%	34.39%
Real Estate	-1.93%	9.43%
Consumer Defensive	-0.43%	19.10%
Healthcare	-2.35%	4.98%
Utilities	-2.67%	28.90%

Key Indices	1 Week Return	YTD Return
S&P 500	-0.64%	26.86%
Dow Jones Industrial Average	-1.82%	16.29%
Russell 2000	-2.58%	15.78%
Nasdaq	0.34%	32.74%
MSCI EAFE	-1.60%	3.71%
BBgBarc Agg Bond	-1.41%	2.09%
60% S&P / 40% BB Agg Bond	-1.06%	16.95%

Key Rates—as of 12/12/2024	
3mth T-bills	4.34%
2yr U.S. Treasury	4.25%
10yr U.S. Treasury	4.40%
Fed Funds	4.50%-4.75%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-1.93%	-0.32%	-1.03%
Mid	-2.44%	-2.13%	-2.60%
Small	-1.62%	-1.55%	-2.76%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	17.48%	28.20%	33.06%
Mid	15.46%	18.31%	26.70%
Small	14.02%	15.62%	19.10%

See important disclosures on last page.

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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

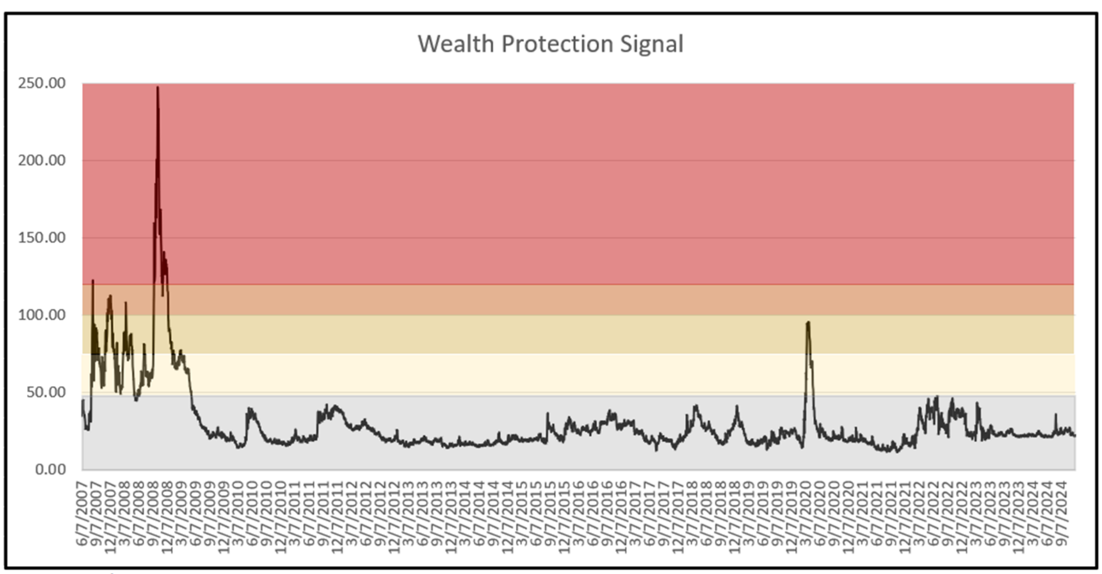
Wealth Protection Signal

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 22.40 as of Friday's close on December 13th, 2024. The Signal increased 2.6% last week. Volatility has been a bit range-bound in the month of December. The Signal would have to increase 101% 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
22.40
12/13/2024

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.