PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

January 13, 2025

Market Commentary

Last Week's Highlights: Investors came to grips last week with the likelihood that future rate cuts may be delayed. The Dow was down 1.07% last week, while the S&P 500 lost 0.71%, the Nasdaq dropped 0.72%, while the Russell 2000 fell 1.90%. Bond yields were higher for the week, with bonds moving lower. The BBgBarc Agg Bond Index was down 0.86% for the week, while short-term bonds down 0.10%. The US dollar was higher for the week, causing international equities to decline. The MSCI EAFE Index was down 0.44%, while the MSCI Emerging Markets Index lost 1.50%. **Economic Data:** Inflation data will be the primary focus of investors this week. The key economic data releases this week are CB Employment Trends, NFIB Small Business Optimism, Producer Price Index (inflation), Redbook Sales, Consumer Price Index (inflation), NY Empire State Manufacturing Index, Beige Book, Initial Jobless Claims, Continuing Claims, Philly Fed Manufacturing Index, Retail Sales, NAHB Housing Market Index, Business Inventories, Building Permits (P), Capacity Utilization Rate, & Industrial Production. **Earnings Releases:** Fourth quarter earnings season kicks off this week with the big banks reporting. The key earnings releases this week are KBH, SBNY, JPM, C, GS, WFC, BK, TSM, UNH, BAC, MS, PNC, USB, JBHT, OZK, SLB, RF, & BOKF. **Takeaways:** Last Friday's Jobs Report was higher for December (+256,000 jobs), which was better than expected. This caused futures on the next rate cut by the Fed to drop, with the expectation of a June cut the closest to a 50:50 prospect. Some forecasts are calling for the Fed's rate cutting cycle to be officially over. However, the underlying factors within the Labor Market point to potential trouble. Both "Job Quits" and "Job Hirings" in the JOLTs data released last week show a decline, meaning a potentially stagnant job market. Meanwhile, though the Fed cut 3 times last year for a total of 100 basis points, interest rates have not proceeded lower - they have increased. Since the first rate cut in December of last year, the yield on the 10yr Treasury is up more than 100 basis points. The average rate on a 30-year mortgage (as of this morning) is over 7% and closing in on the high in May of last year. As equities struggle with valuations and higher interest rates, diversification is the best investment strategy moving forward. This week's inflation data and Fed comments will determine how volatile trading will be this week.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-2.91%	-1.27%
Industrials	-1.30%	-0.59%
Energy	1.00%	3.03%
Communication Svcs	-0.65%	0.89%
Basic Materials	-0.07%	-1.05%
Consumer Cyclical	-2.18%	-1.28%
Financial Svcs	-2.71%	-2.04%
Real Estate	-4.22%	-3.79%
Consumer Defensive	-2.24%	-2.36%
Healthcare	0.52%	1.61%
Utilities	-1.59%	0.53%

Key Indices	1 Week Return	YTD Return
S&P 500	-0.71%	-0.93%
Dow Jones Industrial Average	-1.07%	-1.42%
Russell 2000	-1.90%	-1.84%
Nasdaq	-0.62%	-0.77%
MSCI EAFE	-0.44%	-0.75%
BBgBarc Agg Bond	-0.86%	-1.01%
60% S&P / 40% BB Agg Bond	-1.52%	-0.96%

Key Rates—as of 1/10/2025	
3mth T-bills	4.34%
2yr U.S. Treasury	4.38%
10yr U.S. Treasury	4.76%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-1.34%	-1.22%	-2.84%
Mid	-1.71%	-2.29%	-1.65%
Small	-1.98%	-2.38%	-2.19%

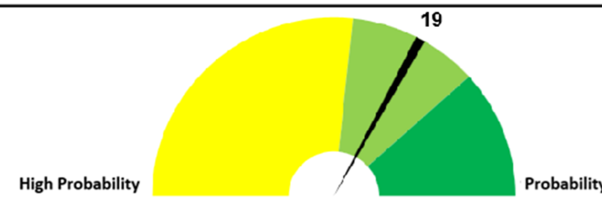
Investment Styles—YTD Returns

	Value	Blend	Growth
Large	-0.83%	-0.76%	-0.43%
Mid	-0.97%	-1.74%	0.41%
Small	-1.40%	-1.51%	-0.17%

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

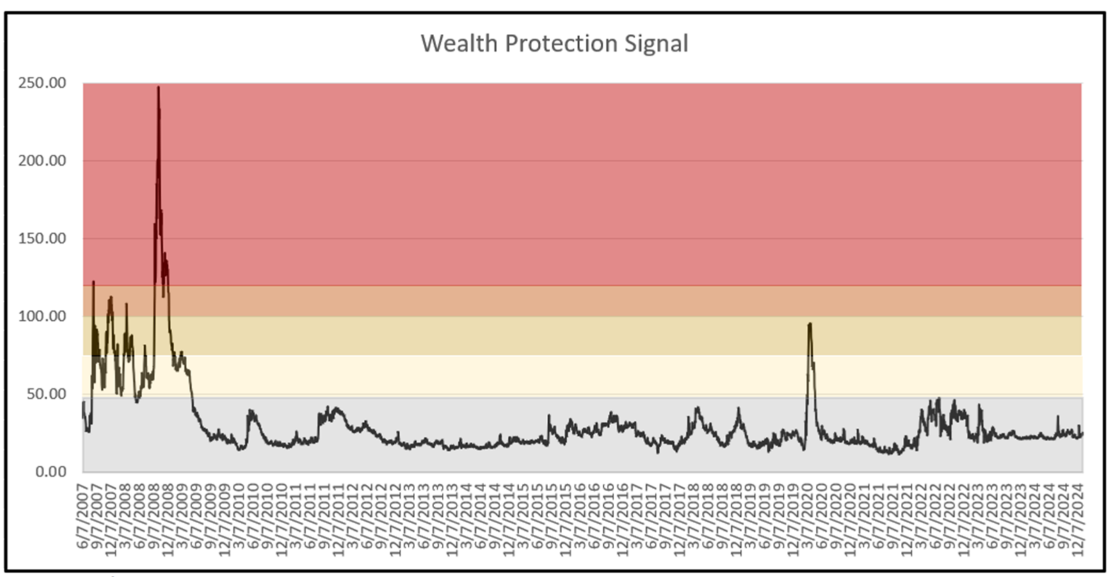
Wealth Protection Signal

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 25.55 as of Friday's close on January 10th, 2025. The Signal increased 7.9% last week. Volatility picked up last week as investors adjust to the possibility that further rate cuts may be delayed in 2025. The Signal would have to increase 76% 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.



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

Current Level
25.55
1/10/2025

Source: Eudaimonia Asset Management

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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.