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Weekly Financial Markets Update February 12, 2024

News & Insights

Weekly Financial Markets Update: February 12, 2024

This Weekly Financial Markets Update reviews the top market headlines:
S&P 500 Index Reaches New Milestone, Fed Officials Emphasize Patience
on Rate Cuts, Business Surveys Still Point Different Directions

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- The S&P 500 index closed above 5,000 last week for the first time ever
- The current federal funds target rate range is 5.25% to 5.50%
- The ISM Services Index rose to 53.4% in January, its 12th straight reading indicating expanding business activity

Top Three Market Headlines

S&P 500 Index Reaches New Milestone: The S&P 500 index crossed the 5,000 mark for the first time ever last week on its way to closing at 5,026 on Friday. After jumping more than 11% in the fourth quarter of 2023, the index has kept rolling in 2024, rising more than 5% year-to-date through last week. After gaining ground last week, the index has now risen for 14 of the last 15 weeks, the first such occurrence since March of 1972. During this stretch, the S&P 500 has risen almost 22%, the largest increase over a 15-week period since August of 2020.

Fed Officials Emphasize Patience on Rate Cuts: In the aftermath of the Federal Reserve's recent decision to hold the federal funds rate steady, various Fed governors made statements last week reinforcing the central bank's hesitancy about initiating rate cuts in the near future. While acknowledging that inflation has cooled, Boston Fed President Susan Collins noted that she "will need to see more evidence before considering adjusting the (rate) policy stance." Similarly, Loretta Mester, head of the Cleveland Fed, commented that she sees "no rush" to cut rates. Further, Richmond Fed chief Tom Barkin stated he believes "it is smart for us to take our time" in order to ensure that inflation does not reemerge.

Business Surveys Still Point Different Directions: Two widely-followed indices reflecting U.S. business activity improved in January but continued signaling contrasting conditions across different segments of the economy. The Institute for Supply Management (ISM) Manufacturing Index, based on surveys of business executives, rose to 49.1% in January from 47.1% in the prior month; however, this was the 15th consecutive month the reading fell below the 50% threshold that differentiates expansion of business activity from contraction. The ISM Services Index, on the other hand, registered 53.4%, its 12th straight 50%+ reading and an increase from 50.5% for December.

As of February 12, 2024	Week	Quarter-To-Date	Year-To-Date	One-Year
MSCI All Country World	1.03%	2.96%	2.96%	17.27%
S&P 500	1.40%	5.52%	5.52%	25.18%
Russell 2000	-2.44%	-0.76%	-0.76%	-6.61%
MSCI EAFE	0.11%	-0.43%	-0.43%	8.27%
MSCI Emerging Markets	0.75%	-2.70%	-2.70%	-0.30%
FTSE NAREIT	0.18%	-3.36%	-3.36%	0.51%
Bloomberg Commodity	0.39%	-1.11%	-1.11%	-5.29%
Barclays U.S. Aggregate	-0.82%	-1.47%	-1.47%	1.95%

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