



## THINGS TO WATCH

–WILL THE FED PREVIEW A SPRING CUT? On Wednesday, Fed Chair Powell and his Federal Open Market Committee (FOMC) colleagues will likely keep the federal funds rate unchanged at 5.25%-5.50% but potentially set the stage for the first rate cut of the cycle at either the March 20 or May 1 FOMC meetings. Minutes from the December FOMC meeting suggested policymakers had begun to discuss the potential to slow the pace at which they've been shrinking the central bank's balance sheet (a process known as quantitative tightening, or QT).

–TECH HEAVYWEIGHTS ON DECK: Alphabet (GOOGL), Microsoft (MSFT), Apple (AAPL), Amazon (AMZN), Meta Platforms (META), will all report 4Q23 results in a 48-hour period spanning Tuesday night to Thursday night. Early adoption trends in AAPL's Vision Pro headset and MSFT's ChatGPT-powered Copilot virtual assistant will likely receive plenty of media attention. Investors will also be looking for signs of further stabilization in enterprise cloud services sales from AMZN's AWS, MSFT's Azure, and GOOGL's Google Cloud segments. Ad revenue trends for META and GOOGL surrounding the 2024 election cycle and the increased presence of Chinese e-commerce platforms Shein and Temu will also be closely scrutinized.

–JANUARY JOB GROWTH: Did the extended stretch of below-freezing temperatures endured by large parts of the U.S. weigh on hiring last month? Labor Department data scheduled to be released Friday morning are expected to show 176,000 workers were added to U.S. payrolls in January, in line with the average monthly gain of 172,000 from October through December.

–TREASURY QUARTERLY REFUNDING: This afternoon, the U.S. Treasury Department provides initial financing estimates for its refunding in the first quarter. On October 30, it estimated it would borrow \$816 billion in 1Q24, up from \$776 billion in 4Q23. On Wednesday morning, the details on the composition of the refunding will be provided in terms of the mix of bills, notes, and bonds it plans to auction.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
S&P Global U.S. Manufacturing PMI	50.3	50.0	▲
S&P Global U.S. Services PMI	52.90	50.60	▲
GDP (Q/Q Annualized)	3.3%	4.9%	▼
Core PCE Price Index (Y/Y)	2.9%	3.6%	▼
New Home Sales (Thousands Annualized)	664	698	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	38109.43	0.65%	1.20%	14.69%
NASDAQ	15455.36	0.94%	2.98%	35.43%
S&P 500	4890.97	1.07%	2.62%	22.41%
MSCI EAFE	2210.87	1.51%	-0.40%	7.90%
BB U.S. Aggregate	2136.30	0.05%	-1.19%	1.02%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	5.36%	5.36%	4.66%
10-Year Treasury	4.14%	3.90%	3.49%

REPORTS DUE THIS WEEK	LATEST
S&P CoreLogic CS 20-City U.S. HPI (Y/Y)	4.9%
JOLTS Job Openings (Millions)	8.79
Non-Farm Payrolls (Thousands)	216
Unemployment Rate	3.7%
Average Hourly Earnings (Y/Y)	4.1%

Total returns are as of 1/26/24. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

## NUMBERS OF THE WEEK

30%

The weighting of the technology sector in the S&P 500 in the middle of last week, the highest level since 2000 at the end of the internet boom. At 30% of the index's market capitalization, the technology sector is larger than the combined weights of the industrials (8.5%), consumer staples (6%), energy (3.8%), real estate (2.4%), materials (2.3%), and utilities (2.2%) sectors. Year to date through last Friday, the S&P 500 technology sector was up 6.9%, accounting for roughly 75% of the broad index's gains thus far in 2024.

24,500

According to the website Layoffs.fyi, the number of announced layoffs thus far in January by 89 technology companies through last Friday afternoon. This is the most technology sector job cuts in a month since March 2023. Last week, German software giant SAP announced plans to restructure 8,000 positions to focus on artificial intelligence, while Microsoft (MSFT) cut 1,900 jobs in its gaming division several months after closing on its acquisition of Activision Blizzard.



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