

WEEKLY INSIGHT

January 12th, 2024

Market Overview

Over this past week, U.S. equities advanced 1.7%, while foreign equities rose 0.3%. Bonds declined 0.5% over the week, which reflected the near-term trend in yields. According to FactSet, the yield for the U.S. 10-year Treasury retraced to 4.0% from 3.9% a week ago.

Survey Says...

Markit, an S&P Global company, released its final Purchasing Managers' Index (PMI) Services survey for December 2023. According to Markit, December posted a reading of 51.4, which was in line with expectations (note a reading above 50 indicates expansion; a reading below 50 indicates contraction). Markit reported services "... signaled a quicker expansion in activity at the end of 2023," driven by stronger demand and a rise in new orders, which enhanced overall confidence by business managers.

Markit's broader PMI sector measure, which considers both U.S. manufacturing and services, exhibited the lowest report since January 2023, as only two of seven sectors measured registered increases during December. Health care displayed the best expansion since April 2023. Financials, driven by an increase in overall business activity, exhibited the quickest upturn since April 2022.

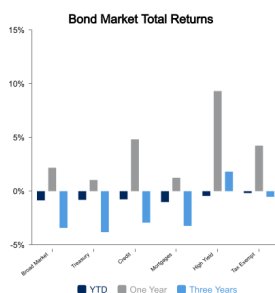
The employment situation remained unchanged for December. According to the Bureau of Labor Statistics (BLS), the unemployment rate remained at 3.7%, while non-farm payrolls increased by 216,000, exceeding consensus estimates of 160,000. BLS reported continued increases in government, health care, social assistance and construction. Job losses occurred in both transportation and warehousing. Additionally, average hourly earnings for private non-farm employees payrolls rose 0.4% in December. For calendar year 2023, average hourly earnings increased by 4.1%.

The ability for sustained spending by the consumer, which accounts for approximately 68% of U.S. GDP, remains front-of-mind to most investors. Consumer credit expanded by \$23.8 billion during November, as reported by the Federal Reserve earlier this week. This materially exceeded consensus expectations of \$9.0 billion and October's print of \$5.8 billion.

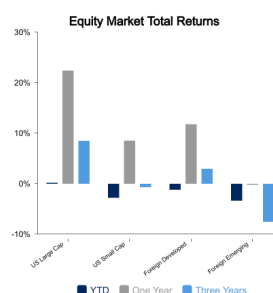
The National Federation of Small Business released its Optimism Index for December. While the index increased 1.3 points (to 91.9), December marks the 24th consecutive month below the index's 50-year average of 98. Inflation replaced labor quality as the primary concern of small business owners.

Earnings Season has Arrived

Companies have begun reporting 4th quarter 2023 earnings. Banks will be the focus this week as J.P. Morgan, Bank of America, Citigroup, Bank of New York Mellon and Wells Fargo will release their earnings reports on Friday. According to FactSet, approximately 75% of S&P 500 companies will report through month-end. Stay tuned.



Jim Dombek,
JD, CTFA, AFTA
Director of Trust Services
& Counsel
(815) 748-5011



Stacia Little
Trust Officer
(815) 748-1609

| Interest Rates (%) | Current | 12M Ago | 3YR Ago |
|--------------------------|----------|----------|----------|
| Fed Funds Rate (Upperb) | 5.50 | 4.50 | 0.25 |
| 3-Month T-Bill | 5.37 | 4.66 | 0.08 |
| 10-Year Treasury | 4.03 | 3.54 | 1.15 |
| 30-Year Treasury | 4.20 | 3.67 | 1.88 |
| 10-Year Corporate AA | 4.70 | 4.60 | 1.68 |
| 10-Year High Yield Corp. | 6.53 | 6.79 | 4.41 |
| Commodity Prices (\$) | Current | 12M Ago | 3YR Ago |
| Gold (\$/oz) | 2,024.41 | 1,875.69 | 1,843.89 |
| Oil (WTI, \$/barrel) | 71.37 | 77.41 | 52.25 |
| Currencies | Current | 12M Ago | 3YR Ago |
| USD (Dollar Index Spot) | 102.36 | 103.19 | 90.47 |
| USD/EUR | 0.91 | 0.93 | 0.82 |
| USD/JPY | 145.76 | 132.45 | 104.26 |

Mary Phelan, CTFA
Trust Officer &
Operations Supervisor
(815) 748-1607