

WEEKLY RECAP

January 18-22, 2021 Recap

Economic Calendar

Monday, January 25

Chicago Fed National Activity, Dallas Fed Manufacturing.

Tuesday, January 26

Case-Shiller Home Prices, Consumer Confidence.

Wednesday, January 27

Mortgage Activity, Durable Goods Orders, FOMC Rate & Policy Decisions.

Thursday, January 28

Advance Goods Trade Balance, Advance 4Q GDP, Leading Indicators, New Home Sales.

Friday, January 29

Personal Income/Spending, MNI Chicago PMI, Pending Home Sales, Consumer Sentiment.

What We're Reading

[China Sea Lanes Freedom Challenged](#)

[Biden Signs "Made in America" Order](#)

[Senate Eyes COVID Relief Bill Ahead of Impeachment](#)

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Stocks Post Solid Gains

Inaugural Rally Best in 84 Years

Major U.S. equity indices posted solid gains last week as investors were encouraged by incoming President Biden's issuance of 10 executive orders specifically aimed at combating COVID-19. The S&P 500 closed at a fresh record high on Wednesday as Joe Biden was sworn in as President, heralding its best first-day inauguration rally since at least 1937. Benchmark stocks pared gains on Friday however (-0.30%), amid concerns about the efficacy of existing vaccines to prevent infections from several newly emerged viral strains.

Weekly Performance

For the week, the S&P 500 advanced 1.96%, the Dow Industrials rose 0.59%, and the tech-heavy Nasdaq Composite surged 4.19% on optimism ahead of expected strong earnings due out this week. The small cap-focused Russell 2000 also outperformed, rising 2.15% to extend early 2021 YTD gains to 9.84%.

Home Construction Rips

December housing starts rose a fourth straight month, up 5.8% to a 1.669 million annualized rate, its fastest pace of construction since late 2006. The gain was led by a 12% jump in single-family home starts to 1.34 million, while multi-family starts eased to 331,000. Overall, new building permits climbed 4.5% to a 1.709 million annualized pace, also the strongest since 2006.

Communication Services Performs Best

Just five of the 11 major sector groups supported last week's solid gain, led by Communication Services (+5.95%), Technology (+4.38%), and Consumer Discretionary (+3.10%). Healthcare (+0.58%) rose the least, while Financials (-1.81%) and Energy (-1.56%) lagged the most.

Treasury Yields Tick Lower

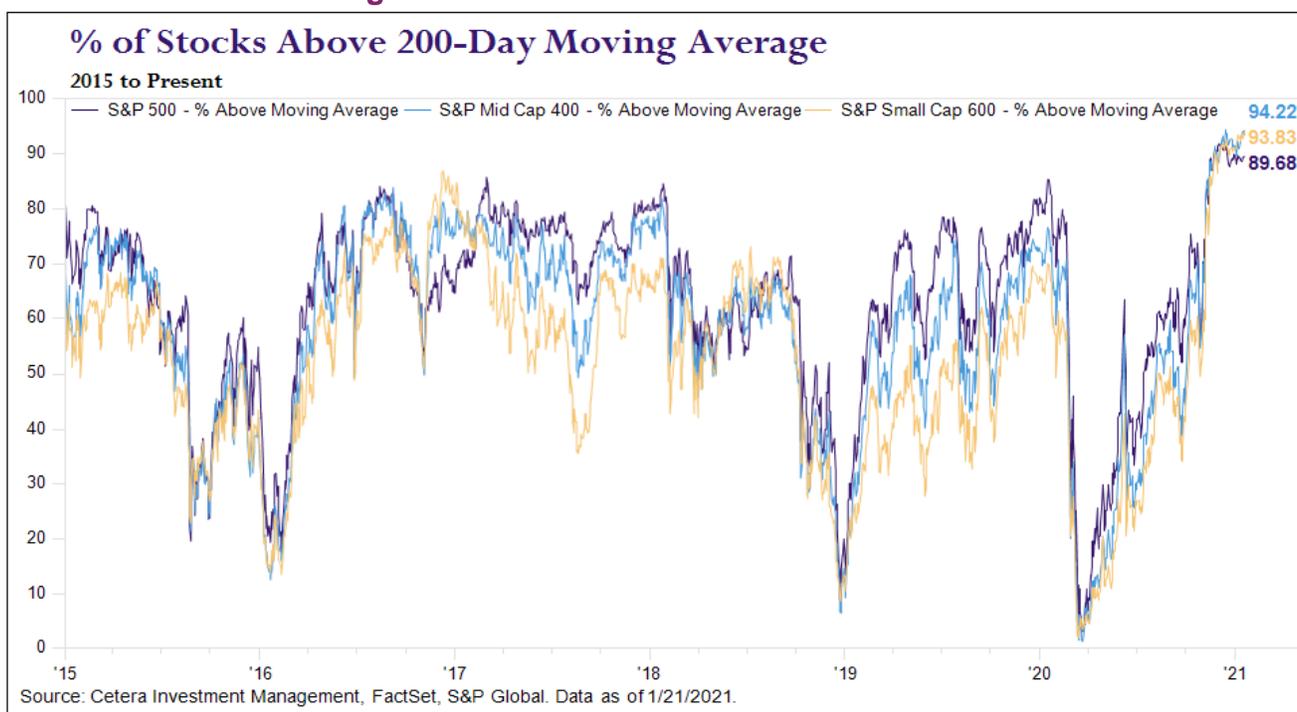
Treasury prices edged higher last week sending the yield on benchmark 10-year U.S. Treasury notes slightly lower to 1.089%. The U.S. Dollar Index weakened by 0.59% last week, while U.S. WTI crude oil futures slipped 9-cents week-over-week to end Friday at \$52.27/barrel.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	0.59	1.28	9.28	1.28	6.19	5.74
S&P 500	1.96	2.36	11.69	2.36	17.73	12.84
NASDAQ Composite	4.19	5.10	17.92	5.10	45.49	23.51
Russell 3000	1.92	3.13	14.41	3.13	21.15	13.51
Russell 2000	2.15	9.84	33.40	9.84	30.40	12.07
MSCI EAFE	0.70	2.47	17.67	2.47	9.63	3.32
MSCI Emerging Markets	2.57	7.88	22.86	7.88	25.43	6.48
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Barclays Agg Bond	0.01	-0.75	0.38	-0.75	5.74	5.44
Barclays Municipal	0.23	0.25	2.47	0.25	4.21	4.86
Barclays US Corp High Yield	0.13	0.48	5.38	0.48	6.91	6.17
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.67	1.36	7.17	1.36	0.86	-2.36
S&P GSCI Crude Oil	-0.29	7.73	28.62	7.73	-7.86	-6.31
S&P GSCI Gold	1.43	-1.86	-2.35	-1.86	18.96	11.63

Source: Morningstar

Chart of the Week: Strong Market Breadth



Strong breadth is one of the clear positives for markets in early 2021. High breadth indicates wide participation among indices, sectors, and stocks. Roughly 90% or more of stocks in the S&P 500, S&P 400 Mid Cap, and S&P 600 Small Cap indices are trading above their 200-day moving average, indicating strong market breadth. The major U.S. and international stock indices are mostly positive year-to-date. Headwinds for markets remain, including high valuations and uncertainty around the pandemic, but strong breadth is a positive sign for the durability of the current bull market.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on Twitter.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **S&P MidCap 400** provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

The **S&P SmallCap 600** seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindices of the Municipal Index have historical data to January 1980. In addition, several subindices based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly

The **MSCI All-Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** captures large and mid-cap representation across five Developed Markets (DM) countries in the Pacific region. With 470 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720 and has been as low as 70.698 in March 2008.