

1/21/2025

The Week Ahead

THINGS TO WATCH

Global trade-related stocks
 International stocks along with shares of U.S. companies that derive a large portion of their sales abroad could see a boost this week from President Trump's decision to refrain from immediately imposing tariffs on key trading partners, including China, Canada, and Mexico. A more measured approach to trade policy from the White House than many market participants expected has taken some steam out of the trade-weighted dollar after a nearly 10% rally since late September. A discussion last Friday between Trump and Chinese President Xi Jinping may have set the stage for the shift in tone.

Airlines
 Expectations for a powerful elixir of resilient travel demand, lower jet fuel costs, and restrained capacity (due in part to Boeing's production woes), have boosted shares of most U.S. airlines over the last four months. Quarterly results and guidance this week from global carriers United Airlines (UAL) and American Airlines (AAL), along with regional carrier Alaska Air Group (ALK), could hint at how likely these expectations are to materialize in 2025.

Consumer Finance Providers
 Results, guidance, and commentary from American Express (AXP), Capital One Financial (COF), and Discover Financial Services (DFS) should provide an updated view of trends in consumer spending and credit charge-off trends through the holiday season. Discussion from COF on its recent service disruption and pending acquisition of smaller rival DFS heading into what most observers expect to be a more merger-friendly regulatory environment in 2025 could be particularly newsworthy.

Energy Sector
 After recording a lackluster 5.7% total return in 2024, the S&P 500 energy sector's 9.2% year-to-date gain through last Friday is at the top of the sector leaderboard. The Trump administration's preference for increased oil and gas production and low energy commodity prices could favor shares of servicers and pipeline companies in 2025.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	105.1	91.5	▲
Producer Price Index (Y/Y)	3.3%	2.1%	▲
Consumer Price Index (Y/Y)	2.9%	2.4%	▲
Core Consumer Price Index (Y/Y)	3.2%	3.3%	▼
Retail Sales (M/M)	0.4%	0.9%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	43487.83	3.69%	2.26%	18.87%
NASDAQ	19630.20	2.45%	1.67%	33.12%
S&P 500	5996.66	2.93%	2.01%	28.26%
MSCI EAFE	2282.91	2.29%	1.55%	8.33%
BB U.S. Aggregate	2189.05	1.02%	0.02%	2.53%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.29%	4.33%	5.37%
10-Year Treasury	4.62%	4.40%	4.10%

REPORTS DUE THIS WEEK	LATEST
Continuing Jobless Claims (Thousands)	1,859
S&P Global U.S. Manufacturing PMI	49.4
S&P Global U.S. Services PMI	56.8
Existing Home Sales (Millions Annualized)	4.15
U. of Mich. Consumer Sentiment	73.2

Total returns are as of 1/17/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

57%

The increase in Taiwan Semiconductor's (TSM) 4Q net profit from a year ago to a record \$11.37 billion. The world's largest contract chipmaker continued to benefit from strong demand for high-end chips that enable broad AI training loads and those designed for more custom applications. Chairman C.C. Wei said TSM's long-term sales growth rate could be as high as 20%. Shares of Applied Materials (AMAT) and other semiconductor equipment suppliers to TSM were among last week's strongest S&P 500 stocks.

\$677 billion

The cash balance in the U.S. Treasury's General Reserve Account as of last Thursday. Because the federal debt ceiling (currently \$36 trillion) was reinstated on January 2 after an 18-month suspension, this \$677 billion balance will likely be drawn down in coming weeks until a big infusion of individual tax payments is expected in March. President Trump has recently advocated for abolishing the debt ceiling; however, such an elimination does not have uniform support amongst congressional Republicans.

DISCLOSURES



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