



All eyes were on the Federal Reserve this week when as expected the Fed cut interest rates by 25 basis points (bps), bringing the Fed funds target range to 4.25%-4.5%. In addition to adjusting rates, the Federal Open Market Committee (FOMC) provided investors with an update on the outlook for monetary policy. The Fed signaled more caution regarding rate normalization with inflation remaining sticky, as well as a new “wait and watch” approach given the impending Trump administration’s potentially inflationary policies. FOMC members now project Fed funds will end 2025 at 3.75-4% versus an expectation of 3.4% in September, implying only two quarter point cuts in 2025 versus prior expectations of four cuts. Renewed inflationary pressures, coupled with an overheated equity market trading at 22x earnings, caused the S&P 500 to post its worst week since early September. Bond rates rose on the revised Fed outlook, with the 2-year Treasury ending the week 6 bps higher and the 10-year finishing 12 bps higher. On a positive note, the U.S. economy has proved to be resilient in the face of elevated borrowing costs, which gives the Fed some reassurance that it can hold rates higher for longer without risking an economic downturn. Labor market conditions remain supportive of economic growth and consumer spending. Retail sales surprised to the upside, rising 0.7% in November from the prior month. This print reflects a healthy consumer that is benefitting from a resilient labor market. PCE data on Friday showed a 2.4% price increase during November, below expectations of a 2.5% increase.

Stocks	Wk		Div Yield	YTD % Change	12 Mos % Change	
	Close	Net Change				% Change
DJII-USA	42,840.26	-987.80	-2.25	1.75	13.67	15.53
S&P 500	5,930.85	-120.24	-1.99	1.33	24.34	26.23
NASDAQ	19,572.60	-354.13	-1.78	0.72	30.39	32.44
S&P MidCap 400	3,124.28	-152.92	-4.67	1.54	12.32	13.96
EAFE	75.10	-3.79	-4.80	3.29	-0.33	2.22
Emerging Markets	52.68	-2.42	-4.39	2.84	4.15	8.06

Sector - Large Cap	Wk		WTD	MTD	QTD	YTD
	Close	Net Change				
Defensive						
Staples	865.68	-22.38	(2.5%)	(3.9%)	(2.5%)	13.6%
Health Care	1,603.10	-36.08	(2.2%)	(6.5%)	(10.8%)	0.8%
CommServices	344.45	-7.58	(2.2%)	4.3%	9.5%	40.0%

Eco Sensitive	Wk		WTD	MTD	QTD	YTD
	Close	Net Change				
Consumer Disc	1,870.88	-49.82	(2.6%)	4.6%	16.5%	31.9%
Energy	638.92	-37.76	(5.6%)	(11.8%)	(5.6%)	(0.2%)
Industrials	1,128.15	-30.65	(2.6%)	(7.1%)	(1.6%)	16.9%
Info Tech	4,669.54	-34.26	(0.7%)	2.4%	6.0%	37.5%
Materials	536.53	-23.26	(4.2%)	(9.8%)	(11.7%)	(0.6%)

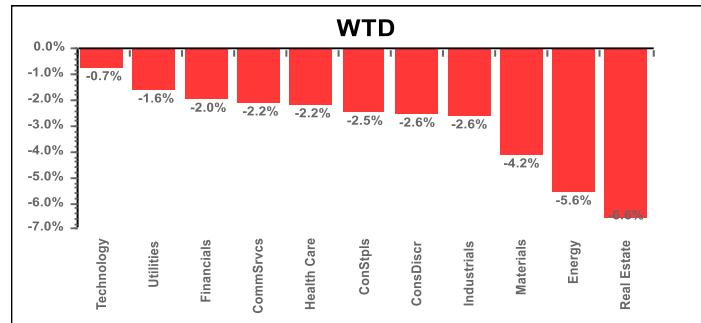
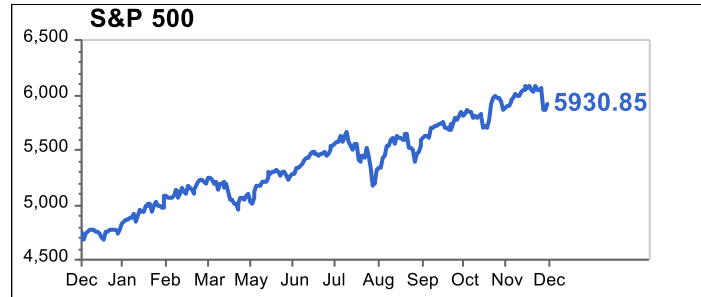
Interest Rate Sensitive	Wk		WTD	MTD	QTD	YTD
	Close	Net Change				
Financials	804.29	-16.44	(2.0%)	(5.6%)	6.6%	28.4%
Utilities	385.43	-6.36	(1.6%)	(8.0%)	(6.1%)	19.7%
REIT	248.28	-17.48	(6.6%)	(11.3%)	(11.5%)	(1.1%)

Russell Style Returns

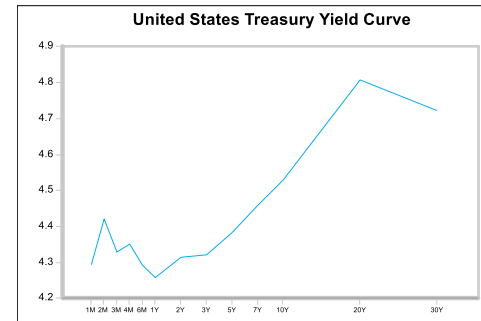
	WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	-2.88%	-2.13%	-1.52%	Large	14.43%	25.40%	35.03%	
Medium	-3.49%	-3.33%	-2.73%	Medium	13.36%	16.29%	24.89%	
Small	-5.33%	-4.50%	-3.71%	Small	7.60%	11.87%	16.25%	

Commodity	Price	Wk % Change	FOREX	Price	Wk % Change
Copper	4.10	-2.36	EUR/USD	1.04	-0.74
Gold	2,639.80	-1.35	USD/JPY	156.51	1.80
WTI	69.51	-2.50	GBP/USD	1.25	-0.38
Brent	72.93	-2.09	USD/CAD	1.44	0.99
Natural Gas	3.75	14.42			

Source: FactSet



Treasuries	Current Yield	12/31/23 Yield
1 - Year	4.26	4.78
2 - Year	4.31	4.25
5 - Year	4.38	3.85
10 - Year	4.52	3.88
30 - Year	4.72	4.03



COMING UP NEXT WEEK		Consensus	Prior
12/23 Consumer Confidence	(Dec)	112.0	111.7
12/24 Durable Orders ex-Transportation SA M/M (Preliminary)	(Nov)	0.10%	0.21%
12/24 Durable Orders SA M/M (Preliminary)	(Nov)	0.35%	0.30%
12/24 New Home Sales SAAR	(Nov)	665.0K	610.0K

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