

## Weekly Update – January 29, 2024

Market Returns Ending 1/26/2024			
Category	1 Week	YTD	1 Year
<b>US</b>			
Large Cap	1.1%	2.6%	22.4%
Mid Cap Growth	0.7%	0.3%	17.2%
Mid Cap Value	1.0%	-1.0%	4.4%
Small Cap	1.7%	-2.4%	5.6%
<b>International</b>			
Developed	1.5%	-1.1%	8.6%
Emerging	1.8%	-3.4%	-3.4%
<b>Bonds</b>			
Aggregate	0.2%	-1.2%	1.2%
High Yield	0.5%	-0.2%	9.0%

US Equity Style Returns			
	<b>Weekly</b>		
	Value	Core	Growth
Large	1.2	1.0	0.9
Mid	1.0	0.9	0.7
Small	1.9	1.7	1.6
	<b>YTD</b>		
	Value	Core	Growth
Large	0.4	2.3	4.0
Mid	-1.0	-0.6	0.3
Small	-2.6	-2.4	-2.1

*Source: Bloomberg*

### **Key Events: An encore of great economic data**

January is giving more of the positive economic data that characterized 2023: GDP surpassed estimates, with 3.3% growth in the fourth quarter and 2.5% for the year. Core inflation continued its decline and manufacturing activity continued its recovery.

The Q4 earnings season, however, has started in underwhelming fashion; fewer companies than average have beat expectations so far this quarter.

### **Market review: Good data brings broad gains**

This good data propelled the S&P 500 forward, up a percent for the week. Small and international stocks and bonds all joined the party this week but remain in the red for the year, far behind large cap stocks.

### **Outlook: Thinking about the long term**

We know that stock markets move in cycles, and this affects the long-term outlook. This week we spend a minute thinking about long-term returns. The chart below shows the weight of the major stock markets over time. Poor returns sometimes follow a major peak in a country's global stock market weight.

Japan became the largest market in 1989, then the Nikkei lost 80% over 14 years. The S&P 500 lost half its value after the US peaked during the dotcom bubble.

We aren't predicting losses for the US based on the current 58% weight, but we also don't assume stellar US returns will continue. Our portfolios maintain a sensible balance between US and international stocks.

*Stock market size over time<sup>i</sup>*

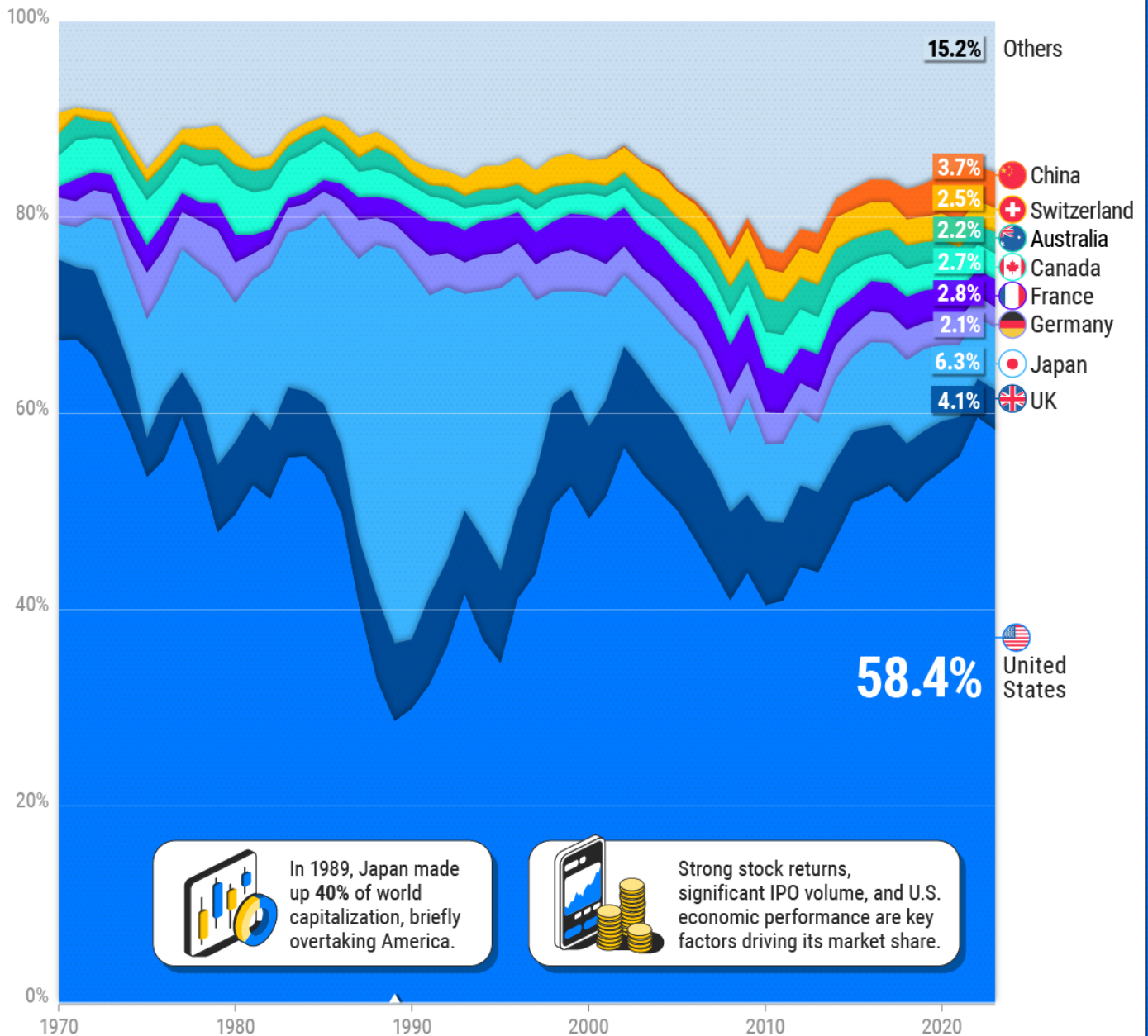


# 50 YEARS OF Global Stock Markets


Here's how equity markets have evolved over time, according to analysis from Credit Suisse.



## EQUITY MARKET SHARE BY COUNTRY 1970-2022

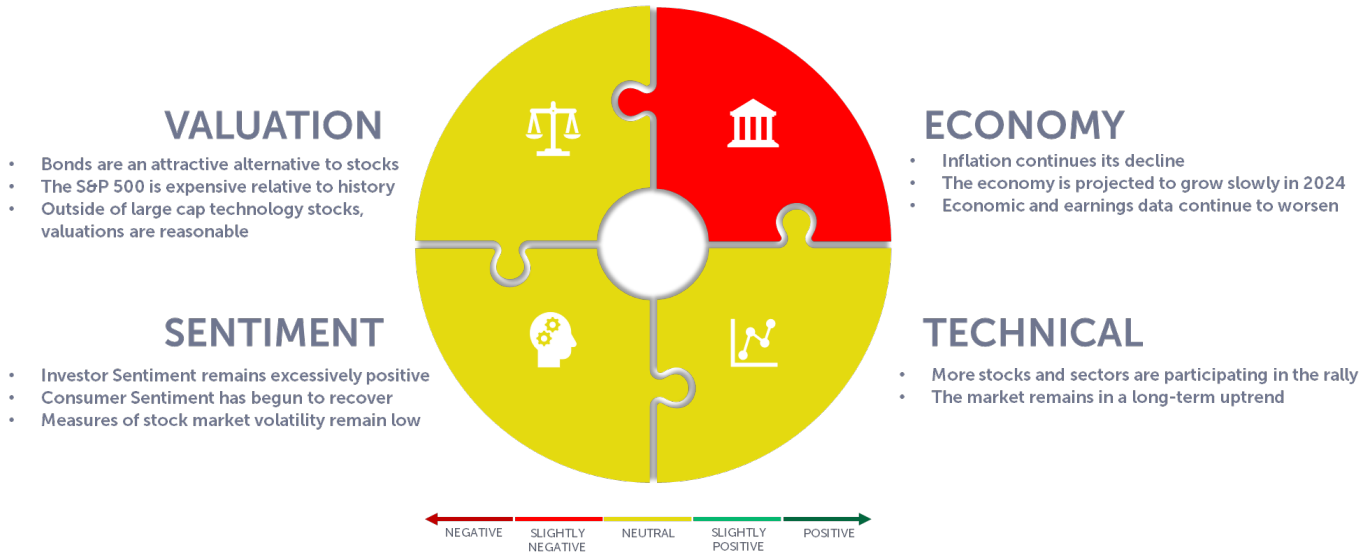


 In 1989, Japan made up 40% of world capitalization, briefly overtaking America.

 Strong stock returns, significant IPO volume, and U.S. economic performance are key factors driving its market share.

Source: Elroy Dimson, Paul Marsh and Mike Staunton, DMS Database 2023, Morningstar, and FTSE Russell All-World Index Series weights (recent years) via Credit Suisse.

# OneAscent Navigator Outlook: January 2024



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<sup>i</sup> Source : Visual Capitalist [The Largest Stock Markets Over Time, by Country \(1970-Today\) \(visualcapitalist.com\)](https://www.visualcapitalist.com/the-largest-stock-markets-over-time-by-country-1970-today/)

<sup>ii</sup> Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield