

## Monthly Market Pulse – 02/05/2025

*Curated By: LMZ Wealth Management of WFA Financial Network*

Markets began 2025 with a strong January. The S&P 500 moved higher by 2.7%. The Dow Jones Industrial Average rose by 4.7%. The yield on the 10-Year US Treasury was relatively unchanged, finishing the month at 4.5%. The unemployment rate fell to 4.0%, marking the lowest unemployment rate since May 2024. The Federal Reserve's preferred measure of inflation, Personal Consumption Expenditures (PCE) rose 0.3%, taking the headline inflation rate to 2.6%.

Notable events throughout January included an announcement from a relatively unknown Chinese technology firm, DeepSeek. The release of their artificial intelligence model surprised Silicon Valley and may be the start of increased competition from international companies in the technology space. Earnings season kicked off on a good note across the board, especially for some of the largest U.S. technology companies. This helped drive January's market performance. The Federal Reserve left interest rates unchanged at its January meeting. They cited mixed inflation data as the reason for the pause in rate cuts. The outlook for the future of interest rates has gone from several cuts in 2025, to as few as one or none.

Earnings season will continue in February with many large companies slated to release fourth quarter earnings results early February. This will be a good test for the stock market as expectations remain high. The Federal Reserve does not meet again until mid-March.

Thank you for being our client,

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All data points sourced from FactSet

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