



Weekly Focus – Think About It

“The beautiful spring came; and when Nature resumes her loveliness, the human soul is apt to revive also.”

– Harriet Ann Jacobs, Author

THE MARKETS

A DIFFERENCE OF OPINION

Broadly speaking, there are two types of investors: individual investors and institutional investors.

Individual investors buy and sell investments to grow their personal wealth. This group of investors often works with financial advisors as they pursue their financial goals. Individual investors tend to invest smaller amounts of money than institutional investors do.

For the last three weeks, sentiment among individual investors has been leaning bearish. Last week, 40.5 percent of investors in the AAll Investor Sentiment Survey were feeling pessimistic about the direction of stocks over the next six months. That was an improvement from the prior week’s reading when 47.3 percent of participants were bearish. Here’s what the survey has found since the week of January 20.

AAll Investor Sentiment Survey results:

	<u>Bullish</u>	<u>Neutral</u>	<u>Bearish</u>
February 19	29.2%	30.3%	40.5%
February 12	28.4	24.3	47.3
February 5	33.3	23.8	42.9
January 29	41.0	25.0	34.0
January 22	43.4	27.1	29.4

The AAll Investor Sentiment Survey is considered a contrarian indicator, meaning that people look at the survey to identify potential turning points in the market. In some instances, when investors have been pessimistic, the market has moved higher, and vice versa, reported Edward Harrison of Bloomberg.

Institutional investors are very large investors, such as banks, mutual funds, exchange traded funds, college endowments, state pensions, insurance companies, and other

organizations that buy and sell investments, usually in very large volumes, to meet the goals of the group for whom they're investing.

Currently, institutional investors are quite bullish. According to survey results released last week by Bank of America (BofA), many institutional investors are fully invested and holding very little cash. "Global stocks have become the most popular asset class with [institutional] investors, who are showing the biggest willingness to take risk in 15 years," reported Sagarika Jaisinghani of Bloomberg. "About 89 [percent] of respondents in the BofA survey said US equities were overvalued, the most since at least April 2001. The faith in so-called U.S. exceptionalism — where investors bet mainly on American financial markets — has also faltered as investors rotate into European stocks."

Last week, major U.S. stock indices moved lower on discouraging economic data and inflation concerns, reported Connor Smith of Barron's. The yield on the benchmark 10-year U.S. Treasury moved lower over the week.

Data as of 2-21-25	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-1.7%	2.2%	20.7%	11.8%	12.5%	11.0%
Dow Jones Global ex-U.S.	0.4	6.5	9.3	1.6	3.3	2.7
10-year Treasury Note (Yield Only)	4.4	N/A	4.3	2.0	1.5	2.1
Gold (per ounce)	0.4	12.4	44.8	15.7	12.3	9.3
Bloomberg Commodity Index	0.9	8.2	10.7	-2.0	7.0	0.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

LET'S TALK ABOUT THE WEATHER

Last week, many parts of the United States set new records for low temperatures as an arctic blast swept across the country. Antelope Creek, North Dakota, saw 45 degrees below zero, which made the low in Austin, Texas (29 degrees) seem downright balmy. In many areas, schools closed – not because of snow, but because of the bitter cold. Meanwhile, up in Alaska, the Iditarod dog sled race moved north from Anchorage to Fairbanks due to a lack of snow and too-warm temperatures.

See what you know about historical weather events in the United States by taking this brief quiz:

1. What was the coldest temperature ever recorded in the United States?
 - a. 80 degrees below zero in Prospect Creek, Alaska
 - b. 70 degrees below zero in Rogers Pass, Montana
 - c. 60 degrees below zero in Tower, Minnesota
 - d. 45 degrees below zero in Minot, North Dakota

2. In 1974, the U.S. experienced the Super Tornado Outbreak. During the outbreak, two F5 tornadoes struck Tanner, Alabama, in the same 24-hour period. How many tornadoes occurred across the United States during the Outbreak?
 - a. 47 across 7 states
 - b. 98 across 25 states
 - c. 148 across 13 states
 - d. 247 across 21 states

3. In the early 1900s, steady rain caused a major river in the U.S. to overflow its banks. The floodwaters spread across 16 million acres in seven states. It “temporarily created a shallow sea over 75 miles wide and forced thousands to be evacuated by boat,” reported Evan Andrews of History.com. What is the name of the river that flooded?
 - a. Ohio River
 - b. Mississippi River
 - c. Colorado River
 - d. Platte River

4. In 2011, a massive dust storm encompassed Phoenix, Arizona. The 6,000-foot-high wall of dust stretched more than 100 miles long and traveled 150 miles, reported Gabe Trujillo of Channel 12 News. What are these enormous dust storms called?
 - a. Derechos
 - b. Lizard stranglers
 - c. Haboobs
 - d. Drouths

By the end of last week, temperatures were warming up. In some places, temperature swings of 90 degrees or more were anticipated. That’s sure to inspire thoughts of spring blooming!

Answers: 1) a; 2) c; 3) b; 4) c

Best regards,

Andrew Zittell
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Sources:

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

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* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

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