



**MAIN**  
MANAGEMENT, LLC

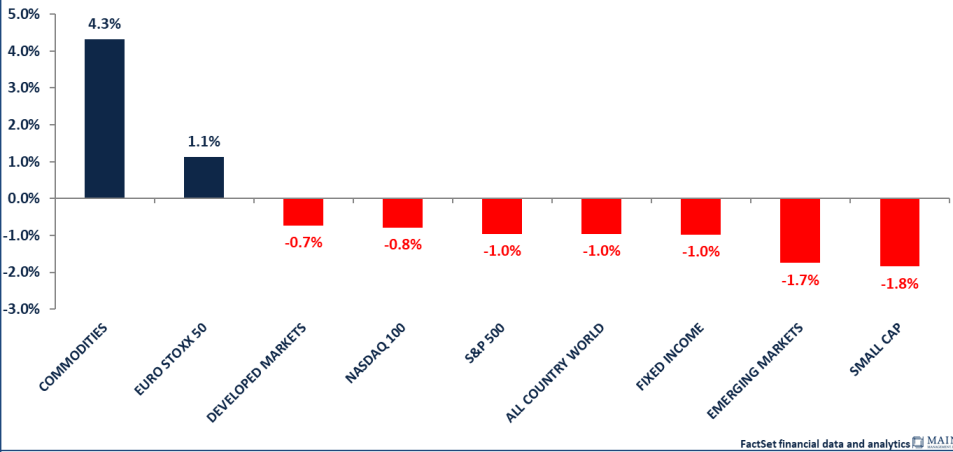
# MAIN MANAGEMENT MARKET NOTE: **January 10, 2025**

601 California Street, Suite 300, San Francisco, CA 94108

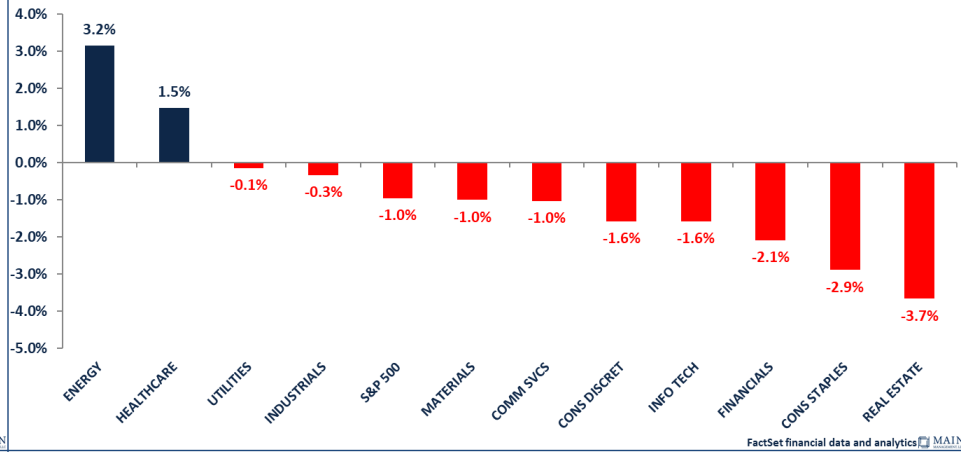
Phone: 415-217-5800 | Fax: 415-217-5809 | [www.mainmgt.com](http://www.mainmgt.com)

# Performance

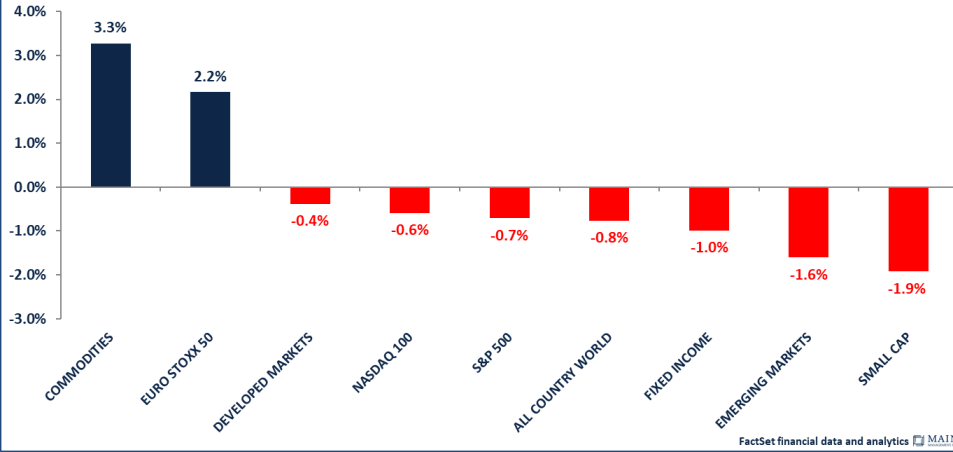
YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH JANUARY 10



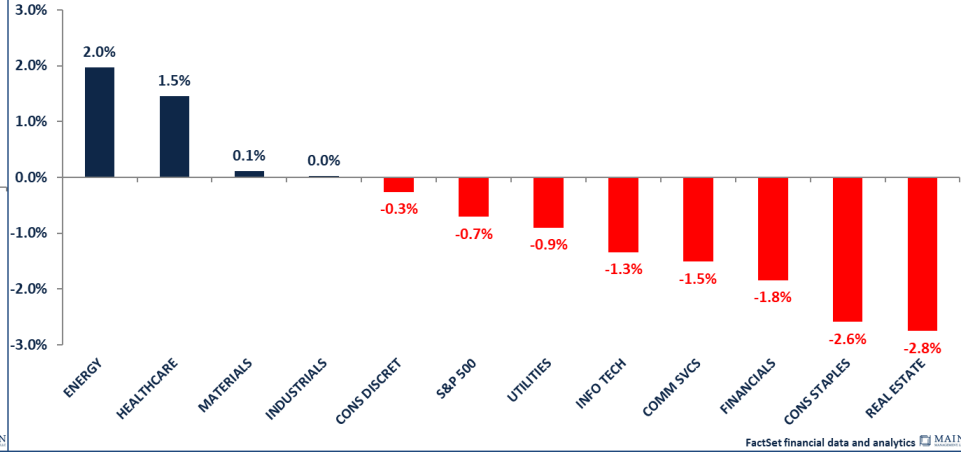
YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH JANUARY 10



ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED JANUARY 10



ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED JANUARY 10



# Recession Dashboard

RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
JAN 2025	↔	↑	↔*	↔	↑	↔	↓	↑	↑
LAST CHANGE	GREEN DEC '24	BLUE DEC '24	RED MAR '23	GREEN DEC '24	BLUE DEC '24	RED JAN '25	BLUE SEP '22	BLUE JUN '23	BLUE DEC '24

↑ Positive
↔ Neutral
↓ Negative

**Inflation:** Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAI **Autos:** Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. \* 10 year – 3 month Treasury spread inverted on 11/2/22.

# NonFarm Payrolls

December NonFarm Payrolls surged by +256k, nearly double forecasts and the most since March. The Unemployment Rate ticked down to 4.1% while the Participation Rate was unchanged at 62.5%. Wages rose +0.3% M/M and Household Employment rose by +478k. One dark spot was the 25-54yo Participation Rate, which declined to 83.4%, the lowest since March 2024.

### US Employment

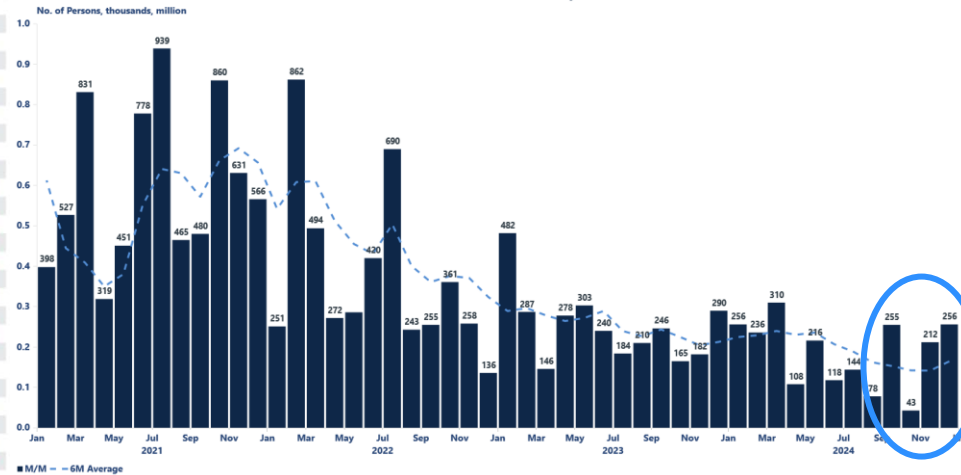
(All population/employment figures in 000s)

	December 2024	Last Month	12 Months Ago	Y/Y	M/M
<b>Employment, Payroll, Nonfarm, Payroll, Total, SA</b>	159,436	159,280	157,304	1.4%	0.2%
Total Nonfarm Employment (Δ From Prior Period)	256	212	290		
Labor Force Statistics, Civilian Non-institutional Population, Women & Men, 16 Years & Over	269,638	269,463	267,991	0.6%	0.1%
Civilian Non-institutional Population (Δ From Prior Period)	175	174	169		
Labor Force Statistics, Civilian Labor Force, Women & Men, 16 Years & Over, SA	168,547	168,304	167,439	0.7%	0.1%
Civilian Labor Force (Δ From Prior Period)	747	-124	-701		
Labor Force Participation Rate	62.5%	62.5%	62.5%	0.0%	0.0%
Employment, National, 16 Years & Over, SA	101,091	101,183	101,124	0.3%	0.3%
Employed (Household data) (Δ From Prior Period)	478	-273	-762		
16 Years & Over	60.0%	59.8%	60.1%	-0.3%	0.2%
Unemployment, National, 16 Years & Over, SA	6,886	7,121	6,315	9.0%	-3.3%
Unemployed (Δ From Prior Period)	234	149	61		
Unemployment, National, 16 Years & Over, Rate, SA	4.1%	4.2%	3.8%	7.9%	-2.4%
U6 Rate	7.7%	7.7%	7.2%	4.2%	-2.6%
Part-Time for Economic Reasons	4,358	4,469	4,220	3.3%	-2.5%
Want A Job Now (Δ From Prior Period)	161	-197	459		
BLS, CPS, Labor Force Statistics, Not in Labor Force, SA	101,091	101,159	100,552	0.5%	-0.1%
Not in Labor Force (Δ From Prior Period)	-68	298	870		
Not in Labor Force / Population	37.5%	37.5%	37.5%	-0.1%	-0.1%
Change in NFPs Less Those Leaving the Labor Force	324	-86	-580		
<b>Average Hourly Earnings - Total Private</b>	\$35.69	\$35.59	\$34.34	3.9%	0.3%
Average Hourly Earnings (Y/Y change)	3.93%	3.97%	4.25%		
Hours Worked Private	34.3	34.3	34.4	-0.3%	0.0%
Hours Worked Manufacturing	40.0	40.1	39.8	0.5%	-0.2%
Total Diffusion Index	56.4	59.0	63.0	-10.5%	-4.4%
Manufacturing Diffusion Index	41.0	47.9	54.2	-24.4%	-14.4%

Source: Main Management, BLS, Macrobond. Data last updated: 1/10/2025



### NONFARM PAYROLLS M/M



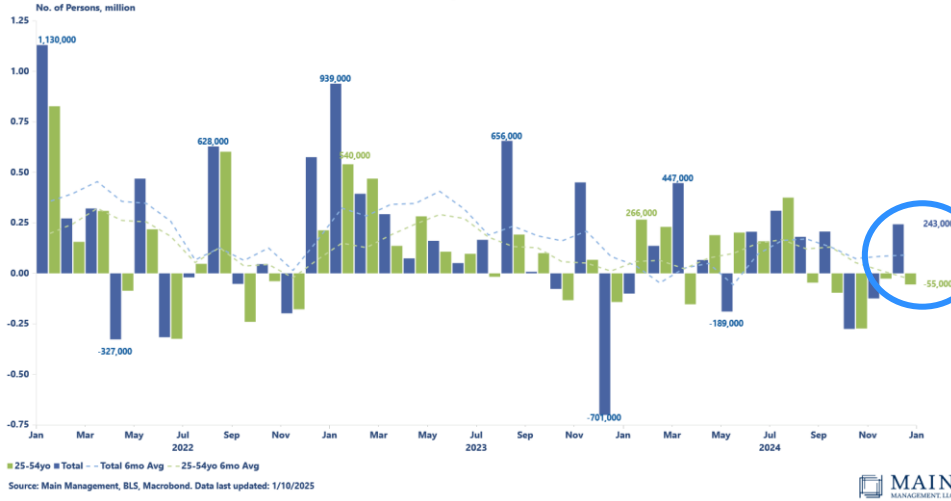
Source: Main Management, BLS, Macrobond. Data last updated: 1/10/2025



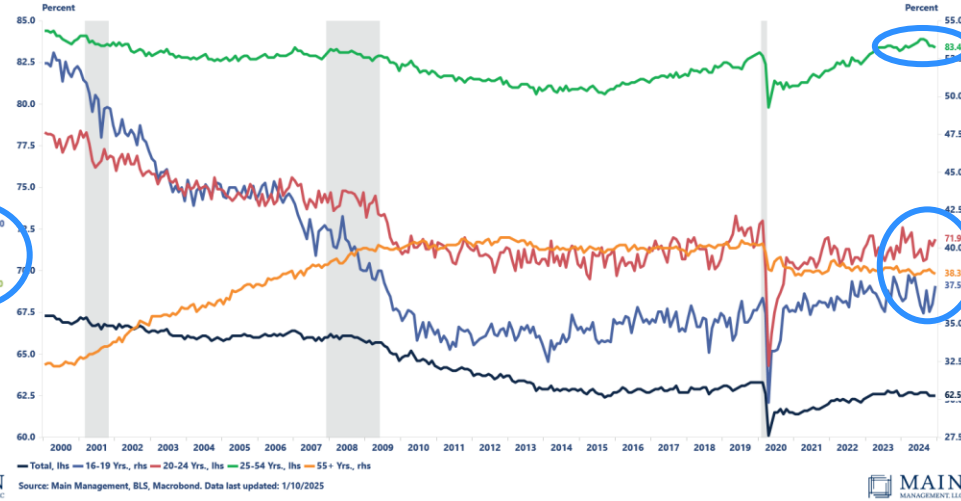
# Participation

Looking at participation, we see that while the total figure jumped by +243k in December, the most since July, participation for 25-54yo's fell by -55k, marking the 5<sup>th</sup> straight down month for the prime-working age cohort. On the right, we show the Participation Rates for various age groups. The rate for 25-54yo's is down to 83.4%, the lowest since March. The younger cohorts (ages 16-19 and 20-24) have been picking up the slack and kept the overall rate from declining this month. We'll be keeping an eye to see if this dynamic continues, but hopefully the 25-54yo group starts firming up here in the coming months.

TOTAL & 25-54yo LABOR FORCE M/M

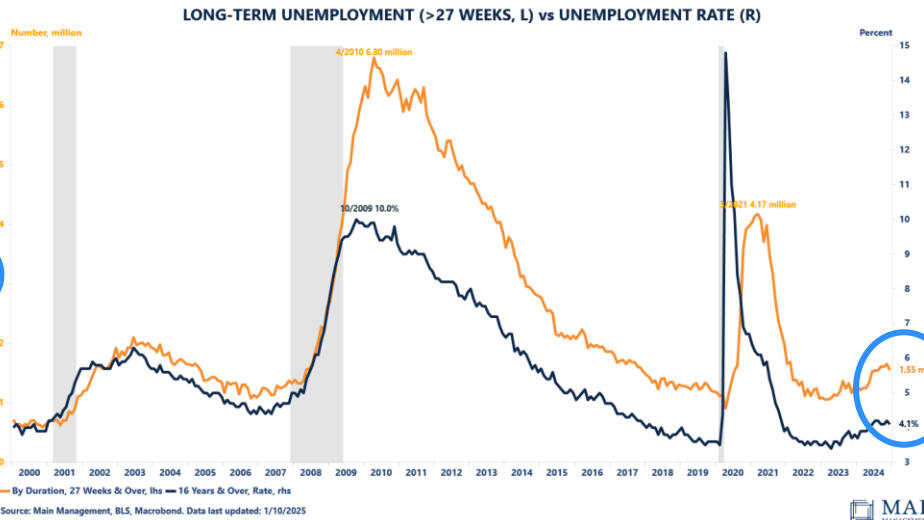
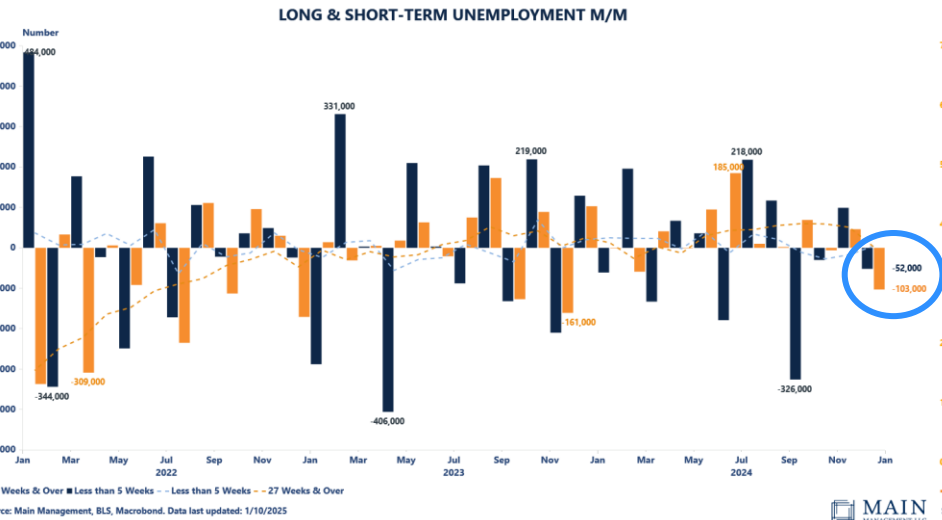


LABOR FORCE PARTICIPATION RATE BY AGE COHORT



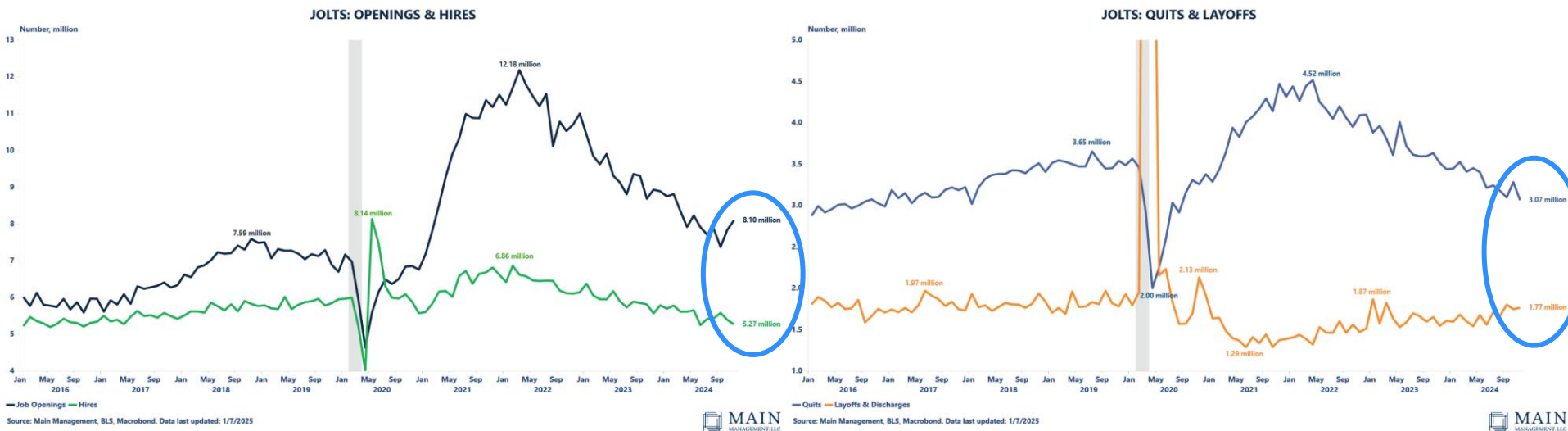
# Long-Term Unemployment

Both Long (>27 weeks) and Short-Term (<5 weeks) Unemployment declined in December. Long-Term dropped by -103k, the most since November 2023 and bringing the 6mo average to just +3,000, the lowest since April 2024. Short-Term Unemployment fell by -52k, the 3<sup>rd</sup> down month out of the last 4. The Long-Term Unemployment level is highly correlated with the Unemployment Rate (right), so it's good to see it move lower.



# JOLTS

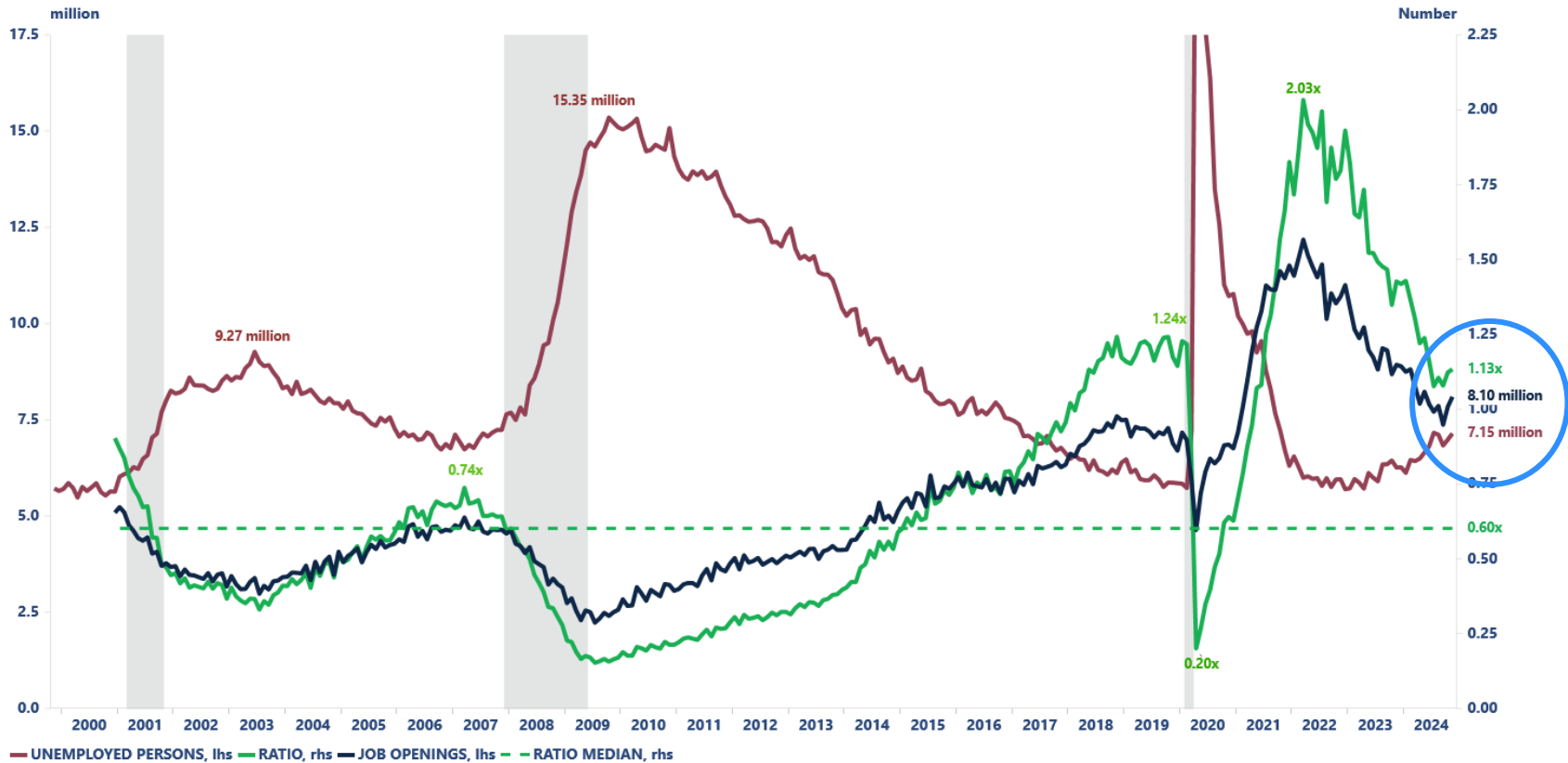
November JOLTS came out this week, providing another look at the labor market. Openings increased to 8.10mil, well above forecasts for 7.7mil and the most since May 2024. Hires slowed to 5.27mil. Quits declined to 3.07mil, the fewest since August 2020! Layoffs inched up to 1.77mil, still in their uptrend. The decline in Quits may indicate declining confidence in workers as people tend to quit less often when they are uncertain of their ability to find another job.



# Openings per Person

The ratio of Openings per Unemployed Person ticked up to 1.13x (still nearly double the long-term median of 0.6x). The absolute delta stands roughly 950k more Openings.

JOB OPENINGS, UNEMPLOYED PERSONS & OPENINGS PER PERSON (R)



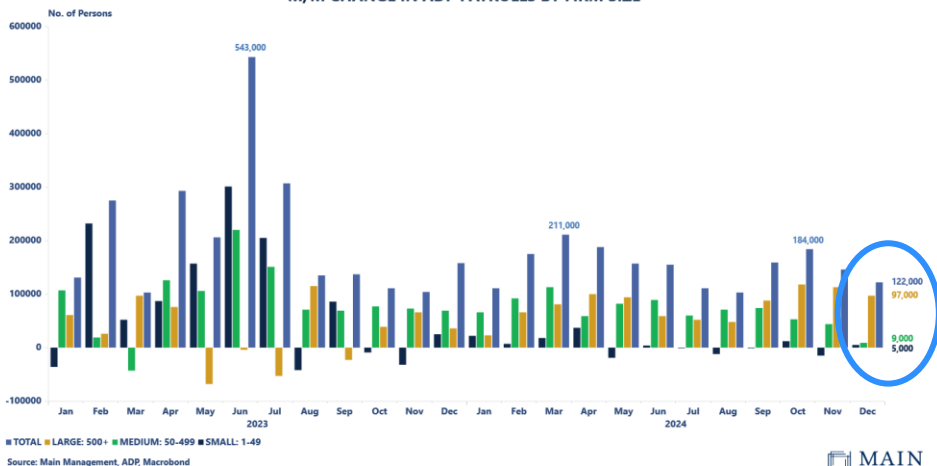
Source: Main Management, BLS, Macrobond. Data last updated: 1/7/2025



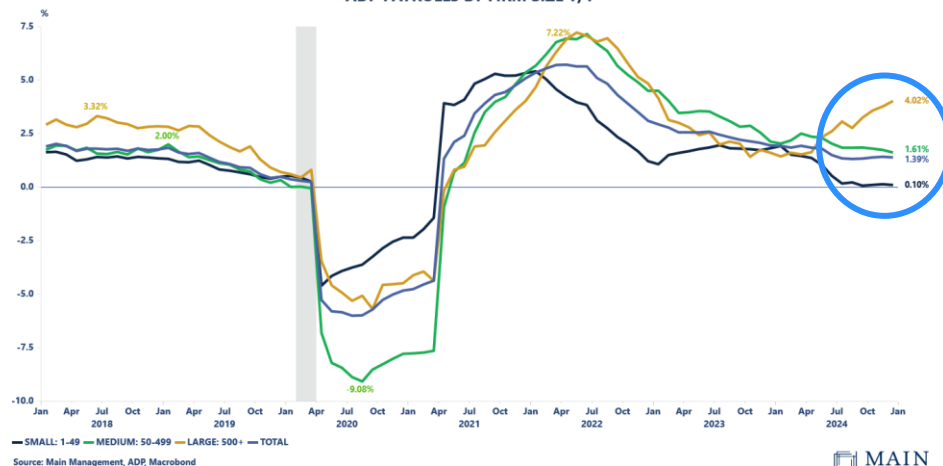
# ADP Payrolls

ADP Payrolls rose +122k in December, below forecasts for a 140k reading but still a solid figure. Large firms (500+ persons) led the way adding +97k, then medium (50-499) at +9k, and small (1-49) trailing at just +5k jobs added. On the right we show the Y/Y figures, with large firms clearly bucking the trend, accelerating away from the others up to 4%, their fastest rise since January 2023. Total ADP payrolls are up +1.39% y/y, trending sideways. Small firms again lag, up just +0.10% Y/Y.

M/M CHANGE IN ADP PAYROLLS BY FIRM SIZE

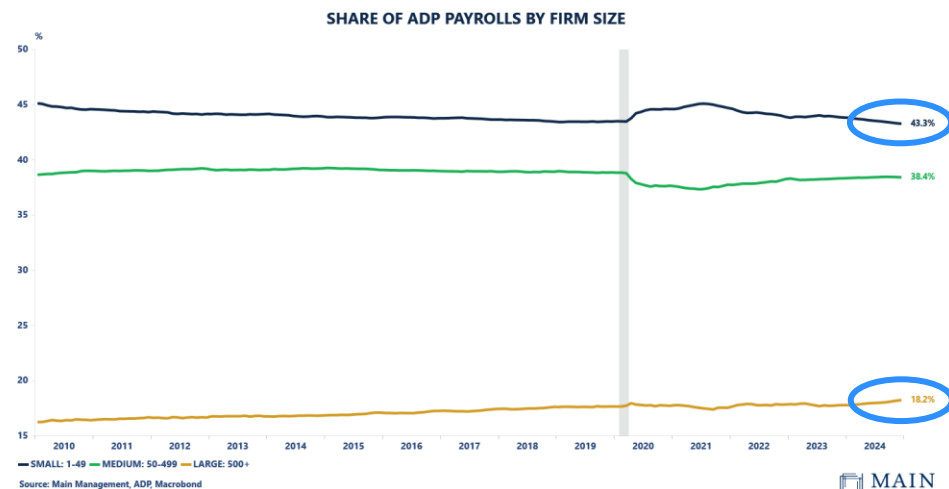
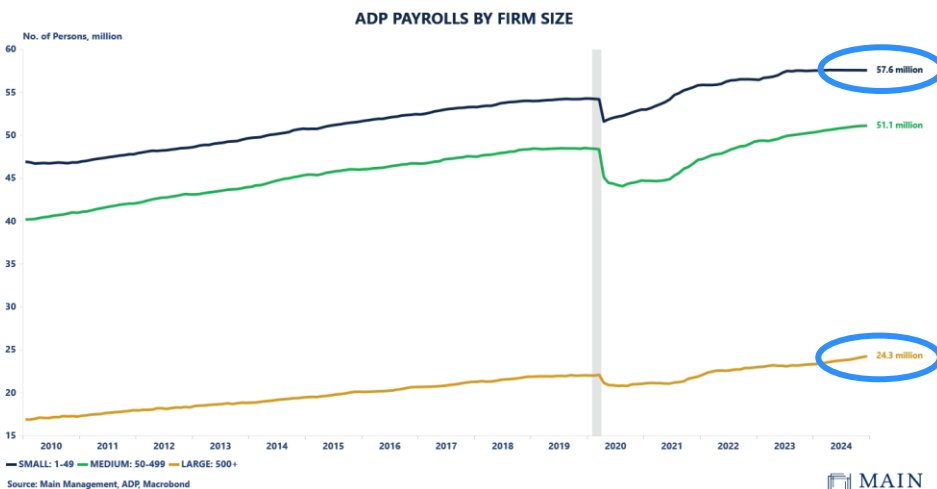


ADP PAYROLLS BY FIRM SIZE Y/Y



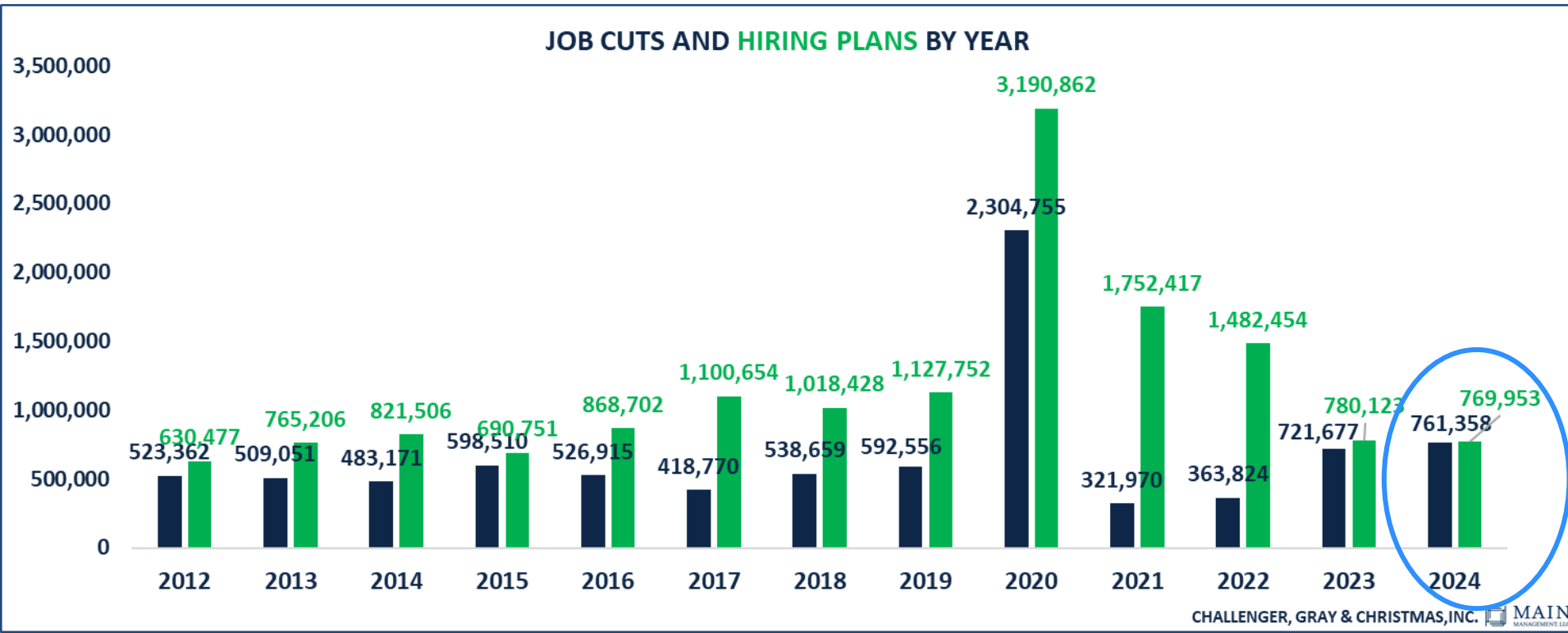
# Small Firms Lag

Within the ADP report, small firms have been lagging for quite a while now. The concern here is that small firms are the biggest employers at 57.6 million persons but since they've slowed, their share has shrunk to 43.3% of total payrolls, the lowest on record. Large firms have been hiring at a more robust rate and have risen to 18.2% of total payrolls, their biggest share on record. Since the end of 2022, small firms have added 1.1mil jobs (+2%) while large firms have added 1.3mil jobs (+6%).



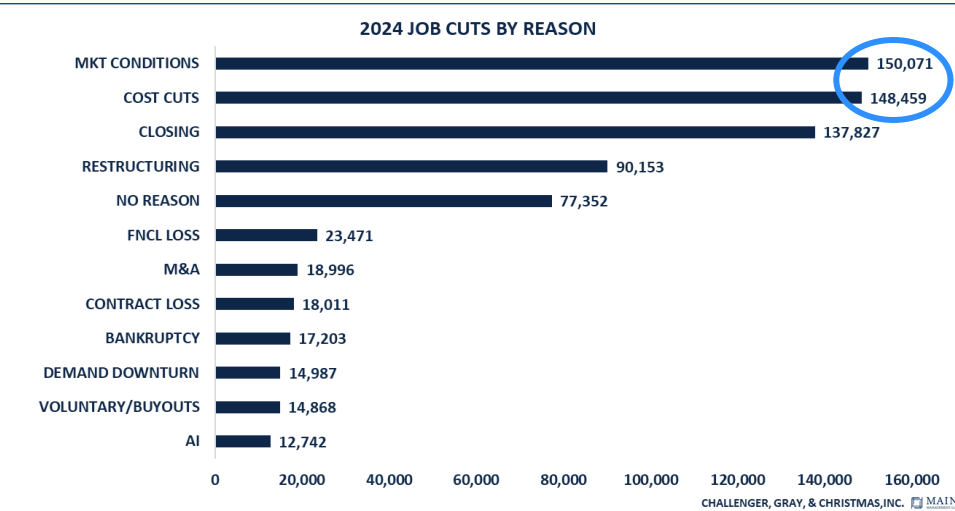
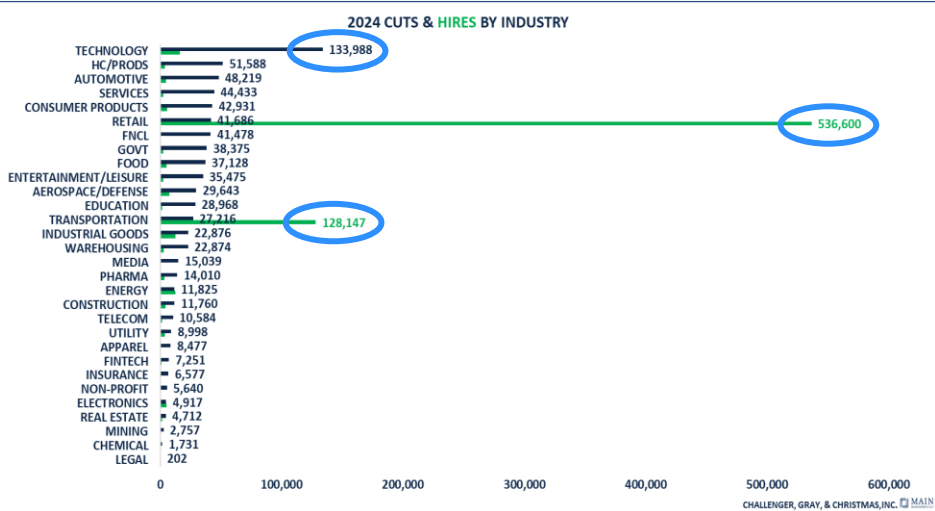
# Job Cuts

Challenger, Gray & Christmas Job Cut Announcements finished 2024 at 761,358, up +5.5% from 2023. Hires barely outpaced Cuts and fell -1.3% from 2023. While 2024 did see more Hires than Cuts, which has been the case every year so far, the margin was a scant +1.1%, the smallest on record.



# Job Cuts: Where and Why

The industry with the most cuts was Technology at +134k, but that was down -20% from 2023. Legal had the fewest cuts at 202 but also hired no one. Retail had the most hires at +537k, which, net of 42k cuts, led to the best net hires figure at +495k. Transportation hired the 2<sup>nd</sup> most at +128k against 27k cuts for a net +101k. Only 4 industries hired more than they cut in 2024: Retail, Transportation, Energy, and Electronics. Market Conditions were the biggest reason cited for cuts (150k), followed closely by Cost Cuts (148k). AI went from causing 4,247 cuts in 2023 to 12,742 in 2024, a threefold increase.



# Summary

- NonFarm Payrolls jumped by +256k in December, nearly double forecasts. The Unemployment Rate ticked lower, but Participation remains mixed.
- November JOLTS showed that Openings rose more than anticipated while Quits and Hires remain in their downtrends. There are now 1.13x Openings per Unemployed Person versus the long-term median of 0.60x.
- ADP Payrolls came in at +122k, missing forecasts for a 140k reading. Small firms continue lag, which is concerning as they account for 43% of employment.
- Challenger Job Cuts saw Hires outpace Cuts in 2024 by a scant +1.1%, the smallest margin on record. Market Conditions were the biggest reason for cuts.
- Upcoming key data to watch:
  - PPI (Tuesday)
  - CPI (Wednesday)
  - Retail Sales (Thursday)
  - Industrial Production (Friday)

# Appendix

# Yields & Futures

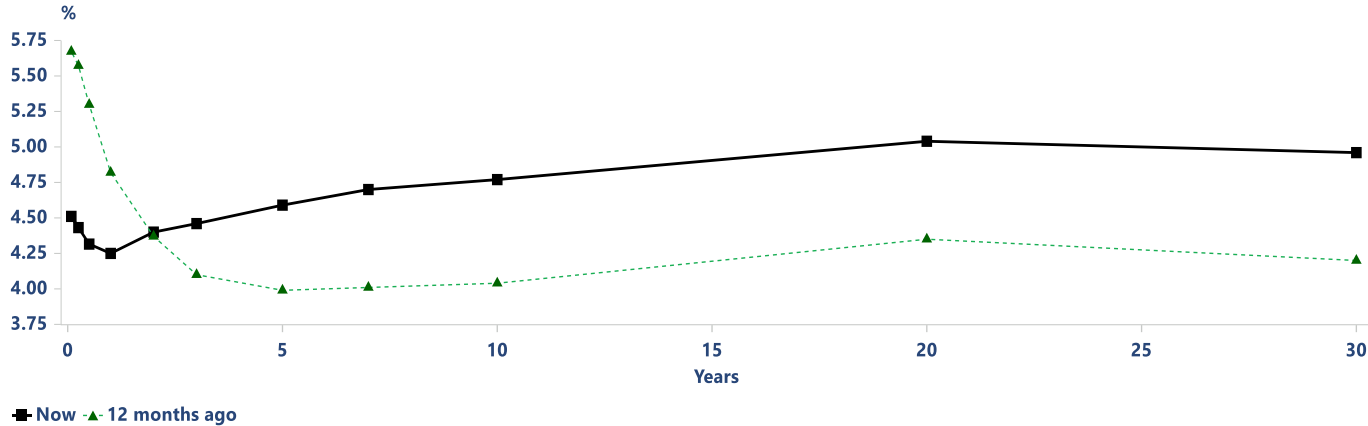
## FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 1/10/2025



## US TREASURY YIELD CURVE

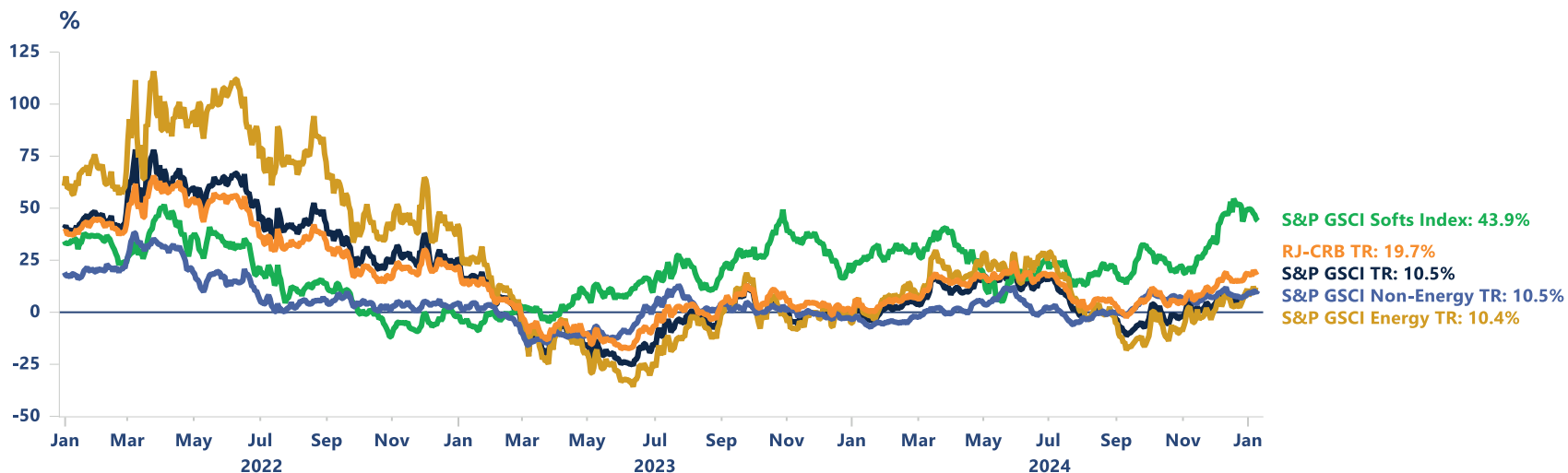


Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 1/10/2025



# Inflation Watch

## MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCAN, ICCO, ICO, USDA, MIA, X, TREA, TMX, Macrobond. Data last updated: 1/10/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Silver	-1.3	1.4	6.4	33.2
Copper	-0.5	-6.6	3.5	7.5
Crude Oil	9.7	0.2	2.9	4.1
Lumber	-0.6	7.9	2.6	2.6
Gold	1.4	1.9	2.5	31.7
Natural Gas	20.3	35.4	1.9	24.2
S&P GSCI	5.9	2.2	1.8	12.2
BBG Commodity Index	3.0	0.3	1.7	3.1
Gasoline	6.4	-1.9	1.3	0.0
US Dollar (DXY)	2.9	6.5	0.6	6.8
Cotton	-4.1	-4.9	0.1	-14.8
Coffee	-4.2	28.3	-0.4	75.6
Corn	5.9	8.4	-0.5	0.2
Soybeans	-0.2	-2.4	-0.6	-19.9
Bitcoin	-7.4%	48.9%	-1.0%	96.9%

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 1/9/2025



# Disclosures

Main Management, LLC (“Main Management”, or the “Firm”) is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The Firm was founded in 2002 and provides investment management services primarily to high net worth, family groups, foundations/endowments, and serves as a sub-adviser to third-party investment advisers & broker-dealers.

The information contained herein was prepared using sources that the Firm believes are reliable, but the Firm does not guarantee its accuracy. The information reflects subjective judgments, assumptions and the Firm’s opinion on the date made and may change without notice. The Firm is not obligated to update this information. Nothing herein should be construed as investment advice or a recommendation to purchase or sell securities. The information is not intended as an offer to provide advisory services in any state or jurisdiction where such offer would not be permitted under applicable registration requirements. All equity investing entails risk of loss.

In preparing this material, Main Management has not taken into account the investment objectives, financial situation or particular needs of any individual investor. Many securities transactions are risky and are not suitable for all investors. All securities investments carry risk, including a risk of loss of principal.

601 California Street, Suite 200, San Francisco, CA 94108

Phone: 415-217-5800 | Fax: 415-217-5809 | [www.mainmgt.com](http://www.mainmgt.com)