

Monthly Newsletter  
January 2024



Monthly Market Recap

Happy New Year! We hope that everyone enjoyed the Holiday Season this December. As 2023 ends, the markets wrapped up (pun intended) with overall gains for the year.

The S&P 500 increased by 26.3%. The DJIA also increased by 16.2% and the NASDAQ moved higher by 44.6%. For December alone, the S&P 500 increased by 4.5%. The DJIA also increased by 4.9% and the NASDAQ moved higher by 5.6%.

In December, markets embraced the holiday spirit, with stocks marking their ninth straight week of positive returns. A lot of the rally is attributed to the FOMC meeting on December 13th, which proved to be a pivotal one. The Fed highlighted their dovish outlook on the economy as they affirmed that rate hikes are likely over and that rate cuts could begin in 2024.

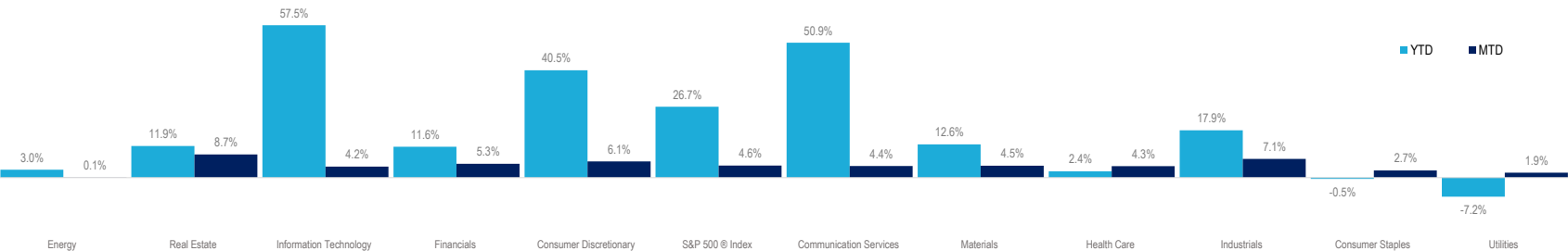
The unemployment rate came in at 3.7% for November, decreasing from October. The labor market continues to be resilient with the unemployment rate falling and payrolls growing faster than expected. Overall job growth has slowed down, without any mass layoffs in sight. This is the type of data that the Fed has been aiming to achieve through interest rate hikes.

Inflation showed a modest gain in November, with CPI showing an increase of 0.1% for the month and at 3.1% from a year ago. These inflation numbers were mostly in line with expectations, further easing pressure on the Federal Reserve. Excluding volatile energy and food prices, the Core CPI increased 0.3% on the month and 4% from a year ago. Although food prices inch higher, consumers saw a 2.3% decrease in energy prices, with gasoline falling 6%, which helped to keep inflation in check. All of this, when coupled with the latest data for real disposable income and spending, will reinforce the soft-landing narrative for the U.S. economy.

As January approaches, Q4 earnings season is set to begin the week of January 9th. It is estimated that the earnings growth rate for the S&P 500 will be 2.4% which will make it the second straight quarter of year-over-year growth for the index. So far, corporate profits have held up, especially relative to the Gross National Product. The U.S. economy overall has also maintained its strength going into December as GDP growth came in at 4.9% year over year.

Now that we begin the month of January, everyone is looking at what the “January Barometer” will read. The January Barometer is a folk theory of the stock market which claims that the returns experienced in January will predict the overall performance of the stock market for that year. Aside from hoping January starts off with positive returns, as we look forward towards an election year, history shows us that the S&P 500 has finished in the green in 13 out of the last 15 U.S. Presidential Election years with an average gain of 10%. That being said, we are optimistic on what 2024 will bring to the markets.

	Index Return %	
Equities	MTD	YTD
S&P 500	4.5%	26.3%
Russell 3000	5.3%	26.0%
Nasdaq	5.6%	44.6%
Dow Jones	4.9%	16.2%
Fixed Income		
US Aggregate	3.8%	5.5%
US Corporate High Yield	3.7%	13.4%
		Rate %
Economic Metrics	Nov-23	
US Unemployment Rate	3.70%	
US Inflation Rate	3.14%	
Levels		
Commodities	Nov-23	Dec-23
Oil (WTI)	75.66	75.84
Gold	2,035.50	2,032.30
DowJ. Commodity Index	982.93	957.80
Rate %		
Interest Rates	Nov-23	Dec-23
10 Year Treasury Rate	4.37%	3.84%
30 Year Treasury Rate	4.54%	3.98%
30 Year Mortgage Rate	7.22%	6.61%
US Corp. AAA Effective Yield	4.92%	4.51%
All numbers reported are as of December 31 2023		
Major Economic Events		Date
Employment Situation		5-Jan
Inflation Rate		11-Jan
FOMC Meeting		31-Jan



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#### Sources

S&P 500 Performance	<a href="https://ycharts.com/indices/%5ESPXTR/level">https://ycharts.com/indices/%5ESPXTR/level</a>
Russell 3000 Performance	<a href="https://ycharts.com/indices/%5ERUATR/level">https://ycharts.com/indices/%5ERUATR/level</a>
Nasdaq Performance	<a href="https://ycharts.com/indices/%5ENA100TR/level">https://ycharts.com/indices/%5ENA100TR/level</a>
Dow Jones Performance	<a href="https://ycharts.com/indices/%5EDJITR">https://ycharts.com/indices/%5EDJITR</a>
US Aggregate Performance	<a href="https://ycharts.com/indices/%5EBBUSATR">https://ycharts.com/indices/%5EBBUSATR</a>
US Corporate High Yield Performance	<a href="https://ycharts.com/indices/%5EBBUSCOHYTR">https://ycharts.com/indices/%5EBBUSCOHYTR</a>
US Unemployment Rate	<a href="https://ycharts.com/indicators/us_unemployment_rate">https://ycharts.com/indicators/us_unemployment_rate</a>
US Inflation Rate	<a href="https://ycharts.com/indicators/us_inflation_rate">https://ycharts.com/indicators/us_inflation_rate</a>
10 Year Treasury Rate	<a href="https://ycharts.com/indicators/10_year_treasury_rate">https://ycharts.com/indicators/10_year_treasury_rate</a>
30 Year Treasury Rate	<a href="https://ycharts.com/indicators/30_year_treasury_rate">https://ycharts.com/indicators/30_year_treasury_rate</a>
30 Year Mortgage Rate	<a href="https://ycharts.com/indicators/30_year_mortgage_rate">https://ycharts.com/indicators/30_year_mortgage_rate</a>
US Corp. AAA Effective Yield	<a href="https://ycharts.com/indicators/us_corporate_aaa_effective_yield">https://ycharts.com/indicators/us_corporate_aaa_effective_yield</a>
European Markets Performance	<a href="https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736">https://russellinvestments.com/middle-east/global-market-outlook#ColorBoxesRoot_5c2d1932-eb2f-4ad5-a377-5c496b847736</a>
Sectors & Industries Performance	<a href="https://ycharts.com">https://ycharts.com</a>
Dow Jones Commodity Index	<a href="https://ycharts.com/indices/%5EDJIC">https://ycharts.com/indices/%5EDJIC</a>
Gold Price	<a href="https://ycharts.com/indicators/gold_price_in_us_dollar">https://ycharts.com/indicators/gold_price_in_us_dollar</a>
Crude Oil Price	<a href="https://ycharts.com/indicators/wti_crude_oil_spot_price">https://ycharts.com/indicators/wti_crude_oil_spot_price</a>

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