



MARKET REVIEW

FEBRUARY 12, 2024

Greetings All,

Market experts continue to believe that interest rates are coming down later this year, with cuts projected to begin as early as May. However, strong economic data such as job growth, consumer spending, and corporate profits continue to come out, making rate decreases seem less likely. As interest rate cuts are predicated on a slowdown in the economy, odds are now that the Federal Reserve will postpone cutting rates until an economic slowdown is more apparent.

Although rate cuts may not be coming as quickly as investors expect, the stock market continues to see gains as the S&P 500 closed at yet another new record. The US also now has a new most valuable company as Microsoft has surpassed Apple in market valuation. The Magnificent Seven tech names (Microsoft, Apple, Alphabet, Amazon, NVIDIA, Tesla, Meta) continue to dominate the market as AI remains a focus of growth for investors. We are keeping an eye on this trend as interest rate increases could lead to a sell-off and thus increase volatility in both the stock and bond market.

Given current economic strength and fears of a hard economic landing diminishing, we expect any economic slowdown to be moderate and the bull market to remain intact in 2024. Mega-cap tech names will likely continue their rise, but cyclical and value-style investments should still catch up in the strong economy. We have a neutral view on international equities and bonds and believe international diversification still makes sense in a long-term strategic asset allocation plan.

Warm Regards,

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“Creating Remarkable Retirements for our clients and their families”

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