

Quarterly Newsletter

Market Commentary

As of December 20th, the S&P 500 is up another 2.5% since the election (11/5/2024), resulting in an impressive year for U.S. stocks. This may have come as a bit of a surprise, but it seems to demonstrate our economy's resilience. As we cheer the market on for a strong finish, we want to remind investors to manage expectations for 2025. Yes, we do believe the U.S. economic landscape is in good shape, but we still need to pay close attention to inflation. Inflation has come down from its peak (2nd half of 2022), but the Consumer Price Index (CPI) has increased over the last 12 months. This could create challenges as higher prices erode buying power, creating additional financial stress for lower-income households and the middle class. As we regularly note, consumer spending is vital to economic health. If threatened, we may see some economic tension. But all things considered, and with sound decision making from the Fed, we expect inflation to continue to come down over time. In respect to the bond market, we are also optimistic. For one, high quality bond issuers have healthy balance sheets. And two, as inflation comes down, so should interest rates. Historically, when rates go down, bond prices go up. Therefore, we think bond holders who are patient will be rewarded. For those holding bonds, keep in mind you are also receiving higher interest payments compared to 2022 and before. Whether it be reinvested or used as income, interest matters!

In sum, inflation data along with interest rate cuts will be closely observed next year. With this, we expect uncertainty at times, but overall, we foresee the economy expanding over the next 12 months. We believe staying the course in both stock, and bond portfolios at this time.

Additional Market Commentary

See attached for further inflation commentary from Scott Wren, Senior Global Market Strategist w/ Wells Fargo Investment Institute.

This Holiday Season

As we find ourselves in the holiday mix, we would like to express our heartfelt wishes for you and your loved ones. We hope you find moments of peace, connection and quality time with those you cherish.

*...and Thank You for your partnership and trust in us. We feel truly blessed to be working with you.
Here's to a joyful holiday season and a happy new year!*



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