

January 4, 2024

Good Afternoon,

As we suspected, stocks have declined to start 2024, led by the tech stocks that rose so sharply last year. This makes sense as some traders are taking profits after the strong rally last quarter. By waiting until January, capital gain taxes are deferred until the 2024 tax deadline of April 2025. Stocks remain sensitive to interest rates and the 10-Year US Treasury yield is still hovering just under 4% - after reaching 5% in the fall.

The next few weeks will provide plenty of economic data on the trajectory of the US economy. The Fed (and traders) will be watching closely for any clues to impact upcoming interest rate decisions. In addition, Q4 corporate earnings reports will soon appear providing a view for the most important determinants of stock prices – revenue growth and profits. Most analysts predict moderate earnings growth in 2024. We shall see if the Q4 rally was justified by stronger corporate profits.

2024 will be a significant year for global politics. Some 70 countries are scheduled to hold elections for leadership positions, including the US, of course. I already know I'll be voting for Josh Allen and the Bills to win this Sunday in Miami and guarantee a spot in the playoffs. We can sure use some positive distractions in Western New York! A little sunshine wouldn't hurt, either.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a great week,

Wade

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