Conway & Co. Financial Services

Helping People Plan Their Financial Futures"

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The fourth quarter and 2024 are now officially in the record books. Despite a lackluster ending that saw it fall 2.5% in December, the S&P 500 finished the quarter up 2%, on its way to a gain of more than 20% for the year; this is the first time the S&P has gained more than 20% in consecutive years since 1997-98. Stocks began the quarter sluggishly as the S&P fell 1% in October, snapping a five-month streak of gains. However, things turned around quickly following the presidential election which sent equities climbing once again. While every sector finished November in the green, banks were among the biggest beneficiaries of the post-election rally on expectations for less regulation under the incoming administration. The rally was also a boon for small cap stocks as the Russell 2000 gained more than 10% in November and recorded its first record high since 2021.

The Federal Reserve reduced the target for the federal funds rate by another ½ percent in the fourth quarter. However, at their December meeting, FOMC members raised their projections for the level of interest rates in 2025 and beyond, which combined with concerns about the inflationary effects of potential tariffs helped push longer-term rates higher. Despite cuts by the Fed, the 10-year US Treasury yield finished 2024 about ½ percent higher than it started the year. It wasn't all bad news for bondholders, however, as high yield spreads, which are a gauge of the market's appetite for credit risk, fell to their lowest levels in more than 15 years. Rising interest rates and strong economic data helped fuel a rise in the US dollar; the US Dollar Index gained more than 7.5% in the fourth quarter and now sits at its highest level since November 2022.

The historic rally in precious metals fizzled out in the fourth quarter as rising interest rates and a strengthening dollar were headwinds for gold and silver. Gold fell more than 10% from the high it reached in October to finish the quarter down slightly, while silver lost more than 7%. Both metals held on to significant gains for the year, however, as gold advanced 27.5% while silver was up more than for than 21%.

As we begin 2025, stocks are on strong footing as US equities remain at the top of the asset class rankings in our Dynamic Asset Level Investing (DALI) tool. DALI provides us with a heatmap of where strength resides across as well as within asset classes. From a sector perspective, leadership resides in financials and technology, which sit first and second in the DALI sector rankings, respectively. As always, we continue to monitor closely for any shifts in the market landscape.

We would like to invite you to visit our website at your convenience at www.conwayfinancialservices.com. There is a wealth of information on our website including but not limited to: Markets At A Glance, Market Portfolios, Market Charting, Tax Library, Articles, Videos, Retirement & Investment Planning, and Life Planning & Insurance.

As always, we encourage you to give us a call if you would like to discuss anything further. We will visit again soon. Proudly and successfully serving our clients for 50 years.

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P.S. If you think this type of information would be of benefit to anyone you know, please share this communication with them.