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THE MARKET MEMO

DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

December added a question mark to the end of an otherwise strong year of growth for the equity markets. The Federal Reserve (Fed) expressed diminished confidence in inflation reaching its 2% target, leading to a reduction in the expected rate cuts in 2025 from four down to two. Mega-cap tech stocks made up for turbulent small- and mid-cap performance, keeping the S&P 500 flat for the month.

“We’ve been highlighting the need for caution in the near term as investors are over-optimistic and the market is priced for perfection, leaving it vulnerable to any disappointment,” said Raymond James Chief Investment Officer Larry Adam. “Longer term, we remain constructive on equities as solid economic growth should keep earnings on an upward trajectory.”

Jobs numbers sent mixed signals in December, with household employment falling below the total new jobs created during the month. Bond yields are up with the 10-year Treasury yield jumping sharply from 4.17% at the end of November to 4.57%.

The corporate earnings outlook remains healthy, and while still above target levels, inflation has declined – even if in fits and starts. There are clearly perceivable risks – inflation, consumer spending, investor confidence, international trade – but at the end of 2024, the outlook for 2025 is positive.

We remain committed to the pursuit of your financial goals and thank you for your continued trust in our guidance and look forward to the exciting opportunities the new year will bring. If you have any questions about this report, or need help with anything at all, please don’t hesitate to reach out.
Look forward to speaking soon!

Sincerely,

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