

January 19, 2024

Hello Clients and Friends,

We hope that your 2024 is off to a great start. The first part of the year is always a busy time for us. There is plenty to be done.

The last two months of 2023 were surprisingly good, and turned 2023 into a successful year in general for investors. From the point around the first of November when it became apparent that this cycle of tightening by the Federal Reserve was over, both stocks and bonds rallied through the end of the year.

At the end of 2022, which had been a tough year across the board, I think it felt like the odds favored some kind of recovery in the stock market for 2023. It's unusual for stocks to struggle in back to back years; so maybe the 2023 results were not shocking. The real question now is... what happens next?? It seems likely that interest rates will start downward sometime this year, which could provide some tailwind for the stocks, but of course the fact that this is the consensus opinion could mean that we've seen some of this tailwind already (the gains from November/December). The long term driver of stock prices is corporate earnings, not headline news, so results from corporate America this year, good or bad, may provide the answer. On the fixed income side, if rates do ease, then bond prices are likely to appreciate some. Short term rates were higher than long term for most of 2023 and I suspect that this will correct itself during 2024, and thus it will make more sense to buy things with longer maturities. As always, we will work to make sure that each individual situation has the most appropriate mix of equities vs fixed income and will do our best to plan ahead properly for those taking distributions for retirement income.

We have a new full-time face in the office. Ethan Crump has been interning with us, and started full-time on January 2<sup>nd</sup>. Ethan is a recent graduate of Berry College, where he played baseball. He passed insurance licensing exams last summer and is now working on his Series 7 securities license. If you've not met Ethan, we will be happy to introduce you at your next meeting.

Please let us know of anything we can do to improve or streamline your financial life.

Russell

