



Weekly Focus – Think About It

“We are all now connected by the Internet, like neurons in a giant brain.”

—Stephen Hawking, physicist and cosmologist

THE MARKETS

U.S. STOCKS THRIVE AMID TURMOIL

The performance of the U.S. stock market is striking. Last week, the Standard & Poor’s (S&P) 500 closed at a record high for the 57th time this year, reported Rita Nazareth of *Bloomberg*. Here are some of the notable factors that sent stocks higher last week:

Political upheaval overseas. A declaration and cancellation of martial law in South Korea and the toppling of the French government roiled financial markets overseas, making United States markets attractive. “The political chaos spanning Seoul to Paris this week is reinforcing why many investors have chosen to stick to American markets,” reported Simon Kennedy and Phil Serafino of *Bloomberg*.

A powerful technology rally. Spending and excitement around the potential of artificial intelligence (AI) continue to delight investors. Both the communication services and information technology sectors are expected to report double-digit earnings growth during the last three months of 2024, reported John Butters of Factset.

Rising company profits have been driven by higher spending. “While the ROI [return on investment] of any given AI project remains uncertain, one thing is becoming clear: CIOs [chief investment officers] will be spending a whole lot more on the technology in the years ahead. Research firm IDC projects worldwide spending on technology to support AI strategies will reach \$337 billion in 2025—and more than double to \$749 billion by 2028,” reported Paula Rooney of CIO.

Continued U.S. economic strength. Employers added 227,000 new jobs in November. That was well above the 200,000 forecasted, reported *Barron’s*. Stocks rose on the news, and so did expectations that the Federal Reserve will lower interest rates again at its December meeting. Lower rates are typically good for companies because they often lower the cost of borrowing and lead to higher spending.

By the end of the week, the S&P 500 and Nasdaq Composite Indexes were higher. The Dow Jones Industrial Average finished lower as it has less exposure to technology stocks, according to *Barron’s*, and more significant exposure to a large health insurance company that saw its stock price fall sharply after the assassination of its chief executive officer last week, reported Caroline Valetkevitch of Reuters. Treasury bonds gained last week, too, as yields moved lower on expectations of a Fed rate cut.

When any asset class experiences significant gains during the year, it's important to review your investment allocations and make adjustments to maintain the risk profile that makes you most comfortable. Rebalancing also helps investors follow an important investment strategy: buy low and sell high.

Data as of 12-6-24	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	1.0%	27.7%	33.9%	9.9%	14.1%	11.5%
Dow Jones Global ex-U.S.	1.6	7.0	12.0	1.4	3.2	2.6
10-year Treasury Note (Yield Only)	4.2	N/A	4.1	1.4	1.8	2.3
Gold (per ounce)	-0.5	26.9	30.2	14.0	12.4	8.3
Bloomberg Commodity Index	-0.7	-1.2	-0.1	0.6	4.5	-1.3

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods. Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association. Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

'TIS THE SEASON FOR CYBERCRIME

While scammers and cybercriminals are always on the take, people tend to be particularly vulnerable to fraud amid the whirlwind of winter holiday shopping, giving, and travel. In a recent survey, 82 percent of participants reported they had experienced online scams from “encountering a deceptive advertisement to receiving a fake shipment notice or request from a fraudulent charity,” according to Jennifer Sauer of AARP Research.

During 2023, losses from internet crime totaled \$12.5 billion. It's a staggering sum—and may wildly underrepresent the actual amount taken. The FBI's 2023 Internet Crime Report stated, “...when the FBI recently infiltrated the Hive ransomware group's infrastructure, we found that only about 20 [percent] of Hive's victims reported to law enforcement.”

Common 2024 holiday scams

In 2024, cybercriminals have become more aggressive and more devious, according to the FBI. The top schemes this holiday season include scammers:

- Posting websites and social media ads offering goods at unusually low prices,
- Soliciting donations for fake charities,
- Encouraging “investment” through phony cryptocurrency platforms,
- Selling fake gift cards to be used for donations or time-sensitive purchases, and
- Offering fake gift cards and event tickets on social media to steal personal data.

Here's how to protect yourself

Being aware of the risks is the first step toward protecting yourself from cybercrime. The FBI and Lars Daniel of *Forbes* offered tips for protecting yourself this holiday season. They include:

- **Resist temptation.** Do not click on links received via e-mail, text, or messaging apps. If you receive a communication that a delivery has been delayed or there was an issue with a payment or something else has happened, don't click on the link provided. Go to the company's website or app to check.
- **Verify before sharing, donating, or paying.** If you receive a communication from a charity or financial institution you know, take time to verify the contact is truly from the organization. Cybercriminals can fake real numbers on caller ID and send messages that lead you to fake websites. One way to verify is to contact the organization directly with a phone number or email found on its official website, an account statement, or the back of a credit or debit card.
- **Be wary of urgent requests.** Holidays are often pressure-filled. Scammers often create a false sense of urgency, encouraging people to act without thinking carefully. Before you respond to an urgent and unexpected request, take time to think, research, and verify. Also, remember that government and law enforcement agencies will never ask that payments be made over the phone, via email, or through gift card purchases.

Any time you're asked to share personal information, think carefully about who is asking and whether they should have the information. If you have any questions about how to protect yourself this holiday season, please get in touch.

Best regards,

Andrew Zittell
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Sources:

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.

* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.

* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.

* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.

* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.

* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

* Past performance does not guarantee future results. Investing involves risk, including loss of principal.

* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.

* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

* Asset allocation does not ensure a profit or protect against a loss.

* Consult your financial professional before making any investment decision.

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LPL Compliance Approval #668374-1