



## Weekly Focus – Think About It

“Write it on your heart that every day is the best day in the year.”

—Ralph Waldo Emerson, philosopher

# THE MARKETS

## HELLO, 2025!

As we head into a new year, it can be helpful to look back at the previous year—and 2024 was a doozy. Stocks in the United States delivered a double-double—posting double-digit gains for a second year in a row. That kind of performance is a relative rarity and has only occurred nine times over the last 96 years, according to Tony DeSpirito of BlackRock.

So, how well did U.S. stocks perform? Here are annual returns for major U.S. stock indexes over the past two years—plus the return for 2022 as a reminder that stocks don’t always move higher.

|                                    | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------|-------------|-------------|
| Standard & Poor’s (S&P) 500 Index: | 23.3%       | 24.2%       | -19.4%      |
| Nasdaq Composite Index:            | 28.6%       | 43.4%       | -33.1%      |
| Dow Jones Industrial Average:      | 12.9%       | 13.7%       | - 8.8%      |

Throughout 2024, share price gains were supported by several factors, including:

- **Enthusiasm for Artificial Intelligence (AI).** Magnificent Seven stocks had another big year. “The group...averaged a gain of 65 [percent] this year, compared with an average of 111 [percent] last year, according to Dow Jones Market Data,” reported Emily Dattilo of Barron’s in December 2024. “The Mag 7 has made up 57 [percent] of the S&P 500’s...market [capitalization] gain this year versus 65 [percent] last year.”
- **Strong corporate revenue and earnings growth.** Many publicly traded companies have been making more money and growing profits. For the full year 2024, analysts expect companies in the S&P 500 to report year over year earnings growth of 9.4 percent and revenue growth of 5.1 percent. In 2025, expectations are even higher. Earnings growth was forecast to be 14.8 percent and revenue growth 5.8 percent for the year, reported John Butters of FactSet.
- **A solid U.S. economy.** “Over the last few years, the U.S. economy has consistently defied expectations for a slowdown, and 2024 was no different. Despite uncertainty

around a presidential election, elevated interest rates and a cooling labor market, economic growth remained solid this year,” reported Augusta Saraiva of *Bloomberg*.

- **Steady consumer spending.** A key driver for the economy was robust consumer spending. “Even as hiring slowed, wage growth continued to outpace inflation and household wealth reached new records, supporting an ongoing expansion in household spending,” wrote Saraiva.
- **Anticipation of Federal Reserve rate cuts.** For much of the year, investors eagerly anticipated Federal Reserve (Fed) rates. In general, when the Fed lowers the federal funds rate, borrowing becomes less expensive which can boost corporate earnings and share prices, explained Mary Hall of Investopedia.

These factors helped U.S. stocks repeatedly set new record highs during the final quarter of the year. However, the stock rally stalled in December after the Fed expressed concerns about inflation and modified its forecast for 2025 rate cuts “amid slower progress on inflation and an uncertain policy outlook,” reported Sarah Hansen and Bella Albrecht of Morningstar.

In the bond market, many sectors delivered positive returns over the full year 2024. However, quite a few gave back some gains in the last months of the year. “Bond markets saw a major selloff in the fourth quarter, sparked by the outcome of the U.S. presidential election and the potential for stronger economic growth, inflationary policies, and more deficit spending in the years ahead,” reported Hansen and Albrecht. The yield on the benchmark 10-year U.S. Treasury note started the year at 3.95 percent and finished the year at 4.58 percent.

Last week, which was shorter than usual due to the New Year’s holiday, major U.S. stock indices finished lower. The yield curve continued to steepen as yields on shorter maturities of U.S. Treasuries fell, while yields on longer maturities rose.

| Data as of 1-3-25                       | 1-Week | Y-T-D | 1-Year | 3-Year | 5-Year | 10-Year |
|---|--------|-------|--------|--------|--------|---------|
| Standard & Poor’s 500 (Domestic Stocks) | -0.5%  | 1.0%  | 26.3%  | 7.4%   | 12.9%  | 11.4%   |
| Dow Jones Global ex-U.S.                | -0.8   | -0.2  | 5.0    | -1.9   | 1.6    | 2.7     |
| 10-year Treasury Note (Yield Only)      | 4.6    | N/A   | 3.9    | 1.6    | 1.8    | 2.0     |
| Gold (per ounce)                        | 1.2    | 1.4   | 29.6   | 13.5   | 11.3   | 8.2     |
| Bloomberg Commodity Index               | 0.3    | -0.3  | 0.2    | -0.3   | 3.9    | -0.5    |

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.

## **A BRRR-Y COLD NEW YEAR'S TRADITION.**

People around the world like to welcome the new year by putting on a bathing or wet suit and immersing themselves in cold water. The name of the event—Polar Bear Plunge, Christmas Swim, or New Year's Dive—varies by location. Of course, water and air temperature vary greatly, too, depending on where the plunge takes place. Here are a few examples from the United States on January 1, 2025.

### **Coney Island, New York/Atlantic Ocean**

Air temperature: 50.0 degrees Fahrenheit

Water temperature: 40.5 degrees Fahrenheit

### **Myrtle Beach, South Carolina/Atlantic Ocean**

Air temperature: 60.0 degrees Fahrenheit

Water temperature: 58.4 degrees Fahrenheit

### **Milwaukee, Wisconsin/Lake Michigan**

Air temperature: 30.0 degrees Fahrenheit

Water temperature: 39.7 degrees Fahrenheit

### **San Diego, California/Pacific Ocean**

Air temperature: 60.0 degrees Fahrenheit

Water temperature: 57.1 degrees Fahrenheit

According to Cleveland Clinic Health Essentials, submerging yourself in cold water for short periods may have health benefits. For people who are in good health, cold-water baths may ease sore muscles, reduce inflammation, improve circulation, and promote better sleep. (It remains unclear whether New Year's Day plunges confer any of these benefits.)

How did you celebrate the start of the new year?

Best regards,

Andrew Zittell  
Yerba Buena Financial Partners

---

## **Sources:**

*LPL Compliance Approval 678149-1*

Andrew Zittell, CLU®, ChFC®, AIF®, RFC® is a registered representative with, and securities offered through LPL Financial, Member FINRA/SIPC.

\* These views are those of Carson Coaching, not the presenting Representative, the Representative's Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

\* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

\* 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.
- \* To unsubscribe from the Weekly Market Commentary please email us at [info@ybpf.com](mailto:info@ybpf.com)

Sources:

<https://www.blackrock.com/us/individual/insights/taking-stock-quarterly-outlook>

<https://www.macrotrends.net/2324/sp-500-historical-chart-data>

<https://www.macrotrends.net/1320/nasdaq-historical-chart>

<https://www.macrotrends.net/1358/dow-jones-industrial-average-last-10-years> (or go to

[https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25\\_Barrons\\_1%20Way%20the%20Mag%207%20Disappointed%20in%2024\\_5.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25_Barrons_1%20Way%20the%20Mag%207%20Disappointed%20in%2024_5.pdf))

<https://www.barrons.com/articles/magnificent-7-stocks-nvidia-apple-tela-c481ed78>

[https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/Earning%20Insight\\_122024A.pdf](https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/Earning%20Insight_122024A.pdf) [Page 13] (or go to [https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25\\_Bloomberg\\_US%20Economy%20Surprised%20Again%20in%2024\\_6.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25_Bloomberg_US%20Economy%20Surprised%20Again%20in%2024_6.pdf))

<https://www.bloomberg.com/news/articles/2024-12-29/us-economy-surprised-again-in-2024-despite-fed-election-drama>

<https://www.investopedia.com/investing/how-interest-rates-affect-stock-market/>

<https://www.morningstar.com/markets/13-charts-q4s-big-post-election-rallyand-late-stumble>

[https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily\\_treasury\\_yield\\_curve&field=tdr\\_date\\_value=2024](https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field=tdr_date_value=2024)

[https://www.barrons.com/market-data?mod=BOL\\_TOPNAV](https://www.barrons.com/market-data?mod=BOL_TOPNAV) (or go to [https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25\\_Barrons\\_Data\\_11.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25_Barrons_Data_11.pdf))

[https://en.wikipedia.org/wiki/Polar\\_bear\\_plunge](https://en.wikipedia.org/wiki/Polar_bear_plunge)

<https://www.accuweather.com> (or go to [https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-24\\_AccuWeather\\_Data\\_13.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-24_AccuWeather_Data_13.pdf))

<https://www.seatemperature.org> (or go to [https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25\\_SeaTemperature\\_San%20Diego%20Temp\\_14.pdf](https://resources.carsongroup.com/hubfs/WMC-Source/2025/01-06-25_SeaTemperature_San%20Diego%20Temp_14.pdf))

<https://health.clevelandclinic.org/what-to-know-about-cold-plunges>

<https://parade.com/948122/maryniles/best-new-years-quotes/>

#678149-1

Andrew Zittell, CLU®, ChFC®, AIF®, RFC® is a registered representative with, and securities offered through LPL Financial, Member FINRA/SIPC. Investment advice is offered through WCG Wealth Advisors, LLC, a registered investment advisor. The Wealth Consulting Group, WCG Wealth Advisors, LLC, and Yerba Buena Financial Partners are separate entities from LPL Financial. 1-05108952

Securities are offered through LPL Financial, member FINRA/SIPC. Investment advice is offered through WCG Wealth Advisors, LLC, a registered investment advisor. The Wealth Consulting Group, WCG Wealth Advisors, LLC, and Yerba Buena Financial Partners are separate entities from LPL Financial.

The LPL Financial registered representative(s) associated with this website may discuss and/or transact business only with residents of the states in which they are properly registered or licensed. No offers may be made or accepted from any resident of any other state.

1010 B Street, Suite 217 | San Rafael, CA 94901  
(O) 415.334.8000 | (F) | 415.334.8500 | (M) 415.225.4639  
andrew.zittell@ybfp.com | www.ybfp.com