



RICHMOND BROTHERS

Record Highs?

Matt's Minutes "Closed Captions" February 2024

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Hi everyone, this is Matt Curfman here from Richmond Brothers with a January 2024 edition of Matt's Minutes. I'm recording this in the first week of February. Can you believe it? February is already here. 2024 and we are one month closer to everything that is coming up this year, including elections later this fall. This is going to be a little shorter Matt's Minutes, but I wanted to provide some perspective.

There have been some headlines in the latter part of January. All the excitement and bells and whistles going off with basically markets, namely the S&P 500, you know, hitting a "record high". The same with the Dow Jones.

So, I wanted to say, what does that actually mean? And what does it mean mathematically? I thought I would do a little quick video share here. I'm going to show you this chart here. Put my screen off to the side, but this is just not to represent any market, but let's just say the bottom axis represents time – 2021, '22, '23, '24, something like that. And let's say we were graphing just in general, a period over time. And let's just say the graph looks like this. Go down, down, down 2022 comes back up, comes back up, comes back up and we get all the way over here to the right. I'll move my screen now. Okay, so what if that was what we were talking about and you saw a headline that said, oh, basically look at all of these wonderful new highs.

But if you go back over the last couple of years, just for example, if we were to draw a fairly straight line, and we have this crossover point. What does that actually mean? What that means is we have just gotten one point or one measurement above where the high was, roughly one, two, even three years ago. That's what an all-new high is. So, if a market, for example, was worth 10,000 points three years ago or two years ago, and just in January we hit 10,001, woohoo, that's a new market high. What does that mean to your portfolio? It doesn't mean much, but it is perspective about what's happening in the overall environment.

So, I just wanted to give you context to that. I still think and we still think it's real important to have a balanced portfolio. There is still a lot of risk out there, especially for those of you who are approaching near or in retirement already. Making sure there are some safety nets in place, some downside and, and really the asset allocation of your portfolio as well as the location, meaning how much is taxable, tax deferred or potentially tax free. And Roth IRA's, life insurance, things like that.

There are a lot of things coming this year, but to give you some context, here is that market chart that I mentioned, or I was mentioning, and this is basically a representation of the S&P, the Dow, the

NASDAQ, the S&P equal weight, and Bloomberg would be just corporate U.S. bonds, and I just wanted to, for this sake, graph January 1st of '22 through January 31st of 2024, so two years and one month. And do you see where these all started? And you go to the far right, here's that line. So just in January, they started to get positive, hitting those new record highs, but from a rate of return perspective, if you were invested during this period, you're not getting that much rate of return. So, I just wanted to add that context and just share that information.

Now, as we head further into 2024, there could possibly be some tailwinds. It seems like the Federal Reserve is no longer raising rates, at least at present. And in fact, maybe sometime later this year, they'll actually start to lower rates. It seems like corporate earnings are still positive. They're not negative. So, growth is positive. It seems like GDP, gross domestic product, is still growing and positive and it feels like, from an economic standpoint, inflation is cooling down, so it's not continuing to escalate up. That's what caused the Federal Reserve to raise rates so quickly over the last couple of years.

And then historically, in a presidential election year, I've shared this and sourced it before, but 83% of the time in a presidential election year, markets have had a positive outcome. Doesn't mean it's in a straight line. Could be very weeble wobble. If you have questions on anything, don't hesitate to reach out to us at Questions@richmondbrothers.com. We are honored to be here to help educate, inform and guide you no matter what is going on in the markets or in the world. Thanks so much for tuning in and we'll be back together soon. Take care.

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Sources:

YCharts

Research Reports

[S&P 500 ends with record high for 2nd session in row | Reuters](#)

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