Weekly Market Update

December 11, 2023

by David A. Smith, CFP®, MSFS, AIF® and Michael Cozad, CFP®, MSFS

"Kindness is like snow.
It beautifies everything it covers."

~ Kahlil Gibran

Market Watch

Week Ending Dec. 8, 2023

(Source: Briefing.com)

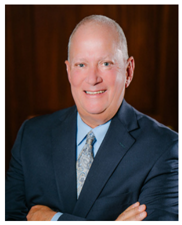
• DJIA: *2023 YTD 9.40%*	36,247.87	2.37
• NASDAQ: *2023 YTD 37.60%*	14,403.97	98.94
• S&P 500: *2023 YTD 19.90%*	4,604.37	9.74
• Russell 2000: *2023 YTD 6.80%*	1,880.82	18.18
• 10 Year Treasury:		4.25%

SMITH, MOSES & COZAD

Beavercreek Office:
2149 N. Fairfield Rd., Suite B
Beavercreek, OH 45431
ph: 937.431.8010

smithmosesandcozad.com

Dave's Weekly Commentary



Good Morning Everyone, I hope your week and weekend was pleasant and productive. Nancy and I spent time with dear friends in Florida over the weekend. Short trip, leaving Friday and returning on Sunday evening. Saturday, we attended a multi-group concert in Naples, with Little Big Town, Dirks Bently, and Gin Blossoms ,the performances were great and the company was even better. As far as the office goes, we are busy getting all the "must dos" done before we close out 2023. I look back at this year, and just wonder where did the year go?

Looking ahead to 2024 - We know what we know, and we extrapolate from there, which is why many are forecasting a soft landing for the economy, continued improvement in inflation, a Fed that will cut rates in 2024, a double-digit increase in S&P 500 earnings, and another good year for the stock market. Still, others think that the Fed's aggressive tightening cycle will drive the economy into recession, which in turn means the labor market will deteriorate, earnings will disappoint, and the stock market won't have a good year. 2024 is a presidential election year that will be ripe with projections, poll analysis, and mudslinging on both sides of the aisle. What is one to do with all these views? Like Nassim Taleb says,„Invest in preparedness, not in prediction."

The takeaway is that an investor's portfolio, financial plan, and risk profile should be prepared to capitalize on positive outcomes and to weather negative developments. Such preparation often entails having a balanced portfolio that addresses those goals. The good news as 2024 approaches is that there is opportunity on both sides of the portfolio for investors of all ages, unlike past years when bond yields offered little to no real yield without taking on excess risk. A 1-yr T-bill yields around 5.12%; a 30-yr bond yields 4.32%; and the ICE BofA AAA US Corporate Index Effective Yield is 4.76%. Stocks, meanwhile, are still currently valued, and the equal-weighted S&P 500, which trades at 15.3x forward twelve-month earnings versus a 10-year average of 16.4x, according to FactSet. Small-cap and mid-cap stocks are fairly valued with the S&P Midcap 400 trading around 13.7x forward 12-month earnings, versus a 10-year average of 15.6x, and the S&P Small Cap 600 trades at 13.1x forward twelve-month earnings, versus a 10-year average of 15.2x, according to FactSet. As far as the larger companies are concerned, the S&P 500 market-cap weighted trades at 18.7x forward twelve-month earnings, which is a slight premium to its 10-year average of 17.5x, so it isn't terribly overvalued but it also isn't cheap either. The issue, as I have discussed with many of you during our review meeting is the market-cap weighted S&P 500 is the concentration risk embedded in the so-called„Magnificent Seven."That would be Apple, Microsoft, Alphabet, Amazon.com, NVIDIA, Tesla, and Meta Platforms. Collectively, those seven stocks are the main reason why the market-cap weighted S&P 500 is up 20% this year. Their influence is reflected in the fact that the equal-weighted S&P 500 is up only 6.6%. The index will struggle if these stocks are struggling, but the basis for why they might be struggling is key to the rest of the market. If they are struggling because the economy is performing better than expected, thereby fostering a rotation into more value-oriented stocks, then„the market" could still do okay.

Interest rates will be key to the market's performance in 2024. The rally at the end of 2023 has been predicated in large part on the thinking that the Fed will be cutting rates in 2024, not so much because it has to due to a rapidly deteriorating economic environment, but because it can due to inflation steadily retreating to the Fed's two percent target. Prior to the solid November employment report, the fed funds futures market had been pricing in five rate cuts before the end of 2024. This view has been priced in even though most Fed officials are still suggesting they are not thinking about rate cuts.

In about a year from now, we will know what it all means for 2024. We don't know today. We can only make educated guesses. A balanced investment portfolio, however, takes some of the guesswork out of the equation, because it is effectively ready to handle any situation or opportunity as it arises. 2024 will have its share of situations and opportunities, but trying to pinpoint an endpoint price target is a fool's errand. The aggregate prediction today among industry analysts is that the S&P 500 will close at 5,068.41 in 12 months. That's roughly 10% higher than where the S&P 500 is trading today.

Last week's markets... The major indices closed the week with modest gains. There was not a lot of conviction from either buyers or sellers due in part to a growing sense that the market is overbought on a short-term basis. For the S&P 500, Friday's close at 4,604 marked an 11.8% rise off its October 27 low (4,117) and set a new 52-week high for the index. There was strength in the mega cap stocks helped the S&P 500 eke out a 0.2% gain while the Invesco S&P 500 Equal Weight ETF closed little changed from last Friday. The Vanguard Mega Cap Growth ETF closed with a 0.9% gain. Treasuries settled the week with losses, largely in response to the release of the jobs report on Friday. The 2-yr note yield climbed 18 basis points to 4.74% and the 10-yr note yield rose two basis points to 4.25%. Source: Briefing.com

Have a good week. Dave

Newsletter continues on the next page.

Planning Points, Part 1 of 2 *Tracy Brower, PhD | Senior Contributor*
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Giving Is Good—For Others, But Also For You

You've heard of Giving Tuesday (complete with its own hashtag #GivingTuesday), and it's perfectly timed following the excesses of Black Friday shopping. You may prefer to focus on the altruism of giving, but it's also okay to appreciate the payback for yourself as well—because it matters to your happiness, your community and your social wellbeing. In addition, there are ways to be more generous—from taking small steps and demonstrating empathy to being present.

Activities that feel good tend to be those we repeat, and this has evolutionary roots. Our brains provide a positive hit when we do things good for the health of our species and communities. Generosity fits here, and this is why it's appropriate to feel good about doing good. In fact, a study from the University of Zurich found when people gave generously, they had positive effects in their ventral striatum (a part of the brain associated with feeling happy), and reported greater levels of happiness.

Giving is Fundamental

Scientists have been curious for years about why people give, even when they don't have the potential for personal payoff or when the chances of seeing someone again are limited. For example, people donate without credit to the charity bell ringer or they leave a tip for the server at an out-of-town restaurant whom they are unlikely to see again. According to research at the University of California-Santa Barbara, it turns out this kind of giving has been a mainstay of social life for hundreds of years.

While it may seem irrational, it's actually a trait that has been selected because people are fundamentally linked in societies as members of communities. A world that is uncertain, makes social connections even more important since people must rely on others in situations of threat or danger. Instinctively, people make choices driven by the connectedness of the species and the bigger picture potential for seeing someone again or needing help. Even if the particular circumstance doesn't lend itself to an ongoing relationship, the expectation of being part of a community drives people to give without the potential for future return.

Interestingly, generosity seems to be inborn as well. In a study by University of Washington, children as young as 19 months demonstrated sharing behavior, even when they were in need themselves. New studies show generosity is related to empathy. Those who take heroic action—rushing into the ocean to save a drowning person or into a fire to save a stranger—tend to have larger amygdalas and scientists believe they are experiencing greater empathy which motivates their split-second, high-risk actions.

Benefits of Generosity

In addition to being a deeply embedded characteristic which is correlated with happiness, and in addition to having obvious advantages for receivers of generous acts, giving also has significant benefits for givers.

- Perhaps the best evidence of the social implications of giving, are the outcomes of a study by Ascent in which people who gave more generously reported they had greater numbers of close friends (3.2 friends compared with 2.6 friends for those less generous) and felt closer to their work colleagues (78% compared with 62%).
- Being generous can also help you feel greater meaning. According to the Ascent study, acting more generously is also correlated with feeling more satisfied with life and career. Having a sense of meaning and satisfaction has to do with making a difference in something bigger than ourselves, and also connects to the feeling that we're making a positive contribution to those around us. Generosity pays off for these reasons.
- Control is a factor as well. When so much feels out of control, choices about giving are very much within your control, and help you feel empowered How you think about others, to whom you give and how you provide for others—through your time, talent or treasure—offer opportunities to engage in the ways which are most meaningful to you.

Article continues next week.

UPDATED AND AT YOUR FINGERTIPS...

eQuipt Client Portal Access

Username and Password
In a majority of cases, your username and password will remain the same. In very rare cases, you may need to update your username. If prompted, please follow the on-screen instructions or contact technical support to update your username. Once updated, you will be asked to log in with your new username and existing password.

Mobile App Users
If you use the FSC eQuipt mobile app, you will need to download the new Osaic eQuipt app from your phone's app store. When accessing FSC eQuipt after November 6, you will be prompted to take this action.
- Android App Store: Osaic eQuipt
- Apple App Store: Osaic eQuipt

Online Access
Current website: www.fscequipt.com
When accessing www.fscequipt.com on or after November 6, 2023, you will be redirected to www.equipt.osaic.com to log in.

New website: www.equipt.osaic.com

eDelivery Notifications
Notification of new documents delivered electronically will now be delivered from **support@osaic.com**.

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2149 N. Fairfield Rd., Suite B
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ph: 937.431.8010

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