

Quarterly Newsletter: *Ending June 2024*

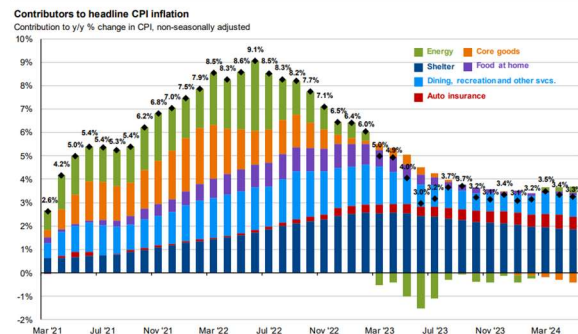
MARKET SUMMARY

Year to date the S&P 500 has hit 38 all-time highs. Note that 10 stocks are responsible for over 30% of the market gains. No one knows how long the rally will continue to capture new highs before a potential fizzle - impressive given that many economists called for a recession in 2023, and we are still not there. The Hindenburg Omen, a technical indicator, that foreshadows an increased probability of a looming stock market correction. But fortunately, it's not always reliable. Corrections do occur, and we must prepare for them. Expect volatility in the 2nd half of the year. It's a given in any year, especially during a highly tense and divisive election season.

Investors are anticipating two interest rate cuts this year, starting in September. However, the central bank's forecast is only one rate cut by year-end. Regardless, everyone can agree that interest rates peaked at the 5.35% Federal Funds rate. Inflation peaked at over 9% in 2022, and it has since declined to 3%. This is still above the Federal Reserve's target of 2%. Housing and auto insurance costs remain elevated.

Inflation components

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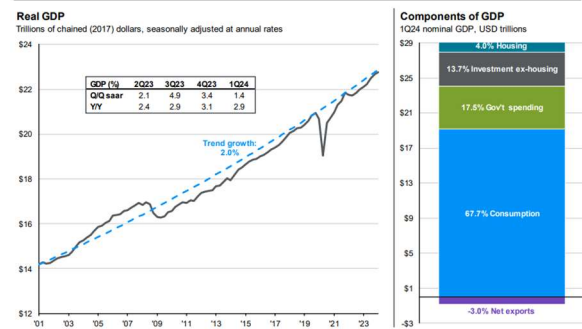
Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. Guide to the Markets - U.S. Data as of July 9, 2024.

J.P.Morgan
ASSET MANAGEMENT

An increase in credit card and auto loan delinquencies signal potentially challenging times ahead. Over the 60% of U.S. economy is consumer spending. Recently, consumers at the lower end have become particularly vulnerable and have experienced less spending power. While the base case does not call for a recession in the near term, the economy is in an extended part of the late state of the business cycle-late summer. Economic growth is expected to continue but at a slower pace. GDP is projected to be slightly above 1% in the 3rd and 4th quarters of this year, a decline from 2% in the 2nd quarter.

Economic growth and the composition of GDP

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Source: BEA, FactSet, J.P. Morgan Asset Management. Values may not sum to 100% due to rounding. Trend growth is measured as the average annual growth rate from business cycle peak 1/2001 to business cycle peak 4/2023. Guide to the Markets - U.S. Data as of July 9, 2024.

J.P.Morgan
ASSET MANAGEMENT

The usual mantra-, continue to be diversified and stay invested based on your risk tolerance. I continue to propose that a portion of your portfolio be in cash. What percentage depends on your needs. Focus more on the long-term return of the portfolio and the strategic advantage of having access to cash to buy additional quality investments at discount prices when a market correction occurs.

America's 3.5-Second Miracle (First Trust)

"...A few years ago, someone figured out that if you could condense the entire history of life on Earth into a motion picture that would run for 24 hours a day, 365 days - This idea that the United States wouldn't appear on the screen until 3.5 seconds before midnight on December 31st. And in those 3.5 seconds not only would a new concept of society come into being, a golden hope for all mankind, but more than half the activity, economic activity in world history, would take place on this continent. Free to express their genius, individual Americans, men and women, in 3.5 seconds, would perform such miracles of invention, construction, and production as the world had never seen."

Consider this condensed timeline of our World, particularly our Nation as we debate and contemplate the inter dependent dynamics of our politics, economics and freedoms.

ZOOM SEMINAR:

Monthly Zoom info
2nd Thursday of each month / 4 pm PST
August 8th Topic: Retirement Income

BUSINESS UPDATE

Annual Summer BBQ

Please Join us on:
Saturday, August 10TH at 1 pm until
Location: 1130 Wood Street, Oakland
Look forward to seeing you then.

Out of Office: Lot's going on this summer. I'll be out most of August and September for Cambridge's Annual Conference, client meetings, brother's wedding in St. Martin, and a family cruise. Wishing you a safe and fun summertime. My experience of travel continues. Pictured below: The rising sun at Mount Batur, Bali, Indonesia May 2024.



Thanks for your continued support!

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Disclosure

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