

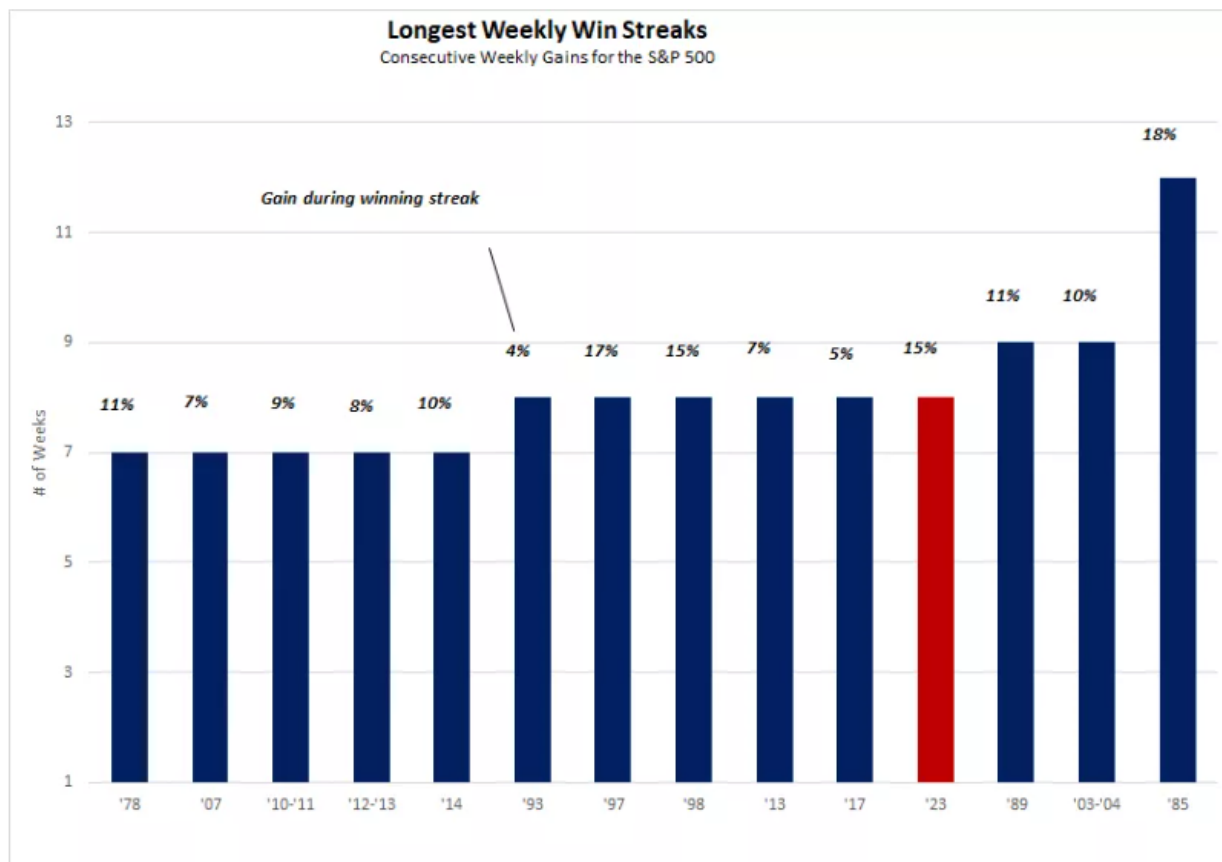
Tuesday December 26, 2023

SUMMARY-

- I. Markets extend weekly winning streak to eight.
- II. Stronger than expected GDP and consumer made 2023's success possible.
3. Early 2024 could see weaker economic growth.
4. Current inverted yield curve may normalize in 2024.

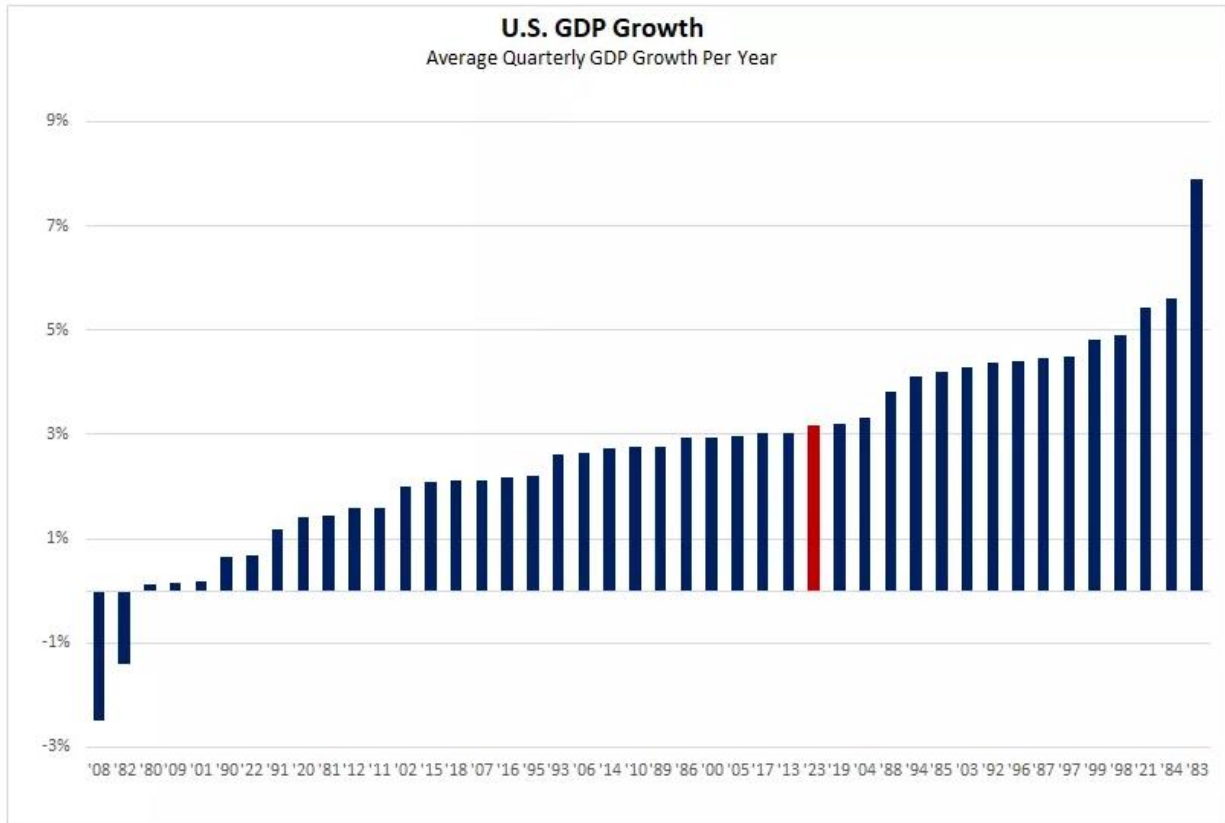
Good morning:

Although markets were fairly quiet last week in advance of the Christmas holiday weekend, stocks managed to post a small gain and advance their winning streak. The S&P 500 has now risen eight consecutive weeks for one of the longest winning streaks in the past 50 years. Besides the length of this move, it should be noted that the cumulative gain is also one of the largest among such eight-week or longer runs. Most strategists were not predicting such a strong finish to this year, especially only a few months ago when interest rates surged higher and stocks underwent a correction. Nevertheless, patient investors were rewarded when interest rates eased and inflation data softened. While no streak lasts forever, improving inflation data and expected rate cuts in 2024 should keep both equity and fixed income assets heading in the right direction as we start a new year.



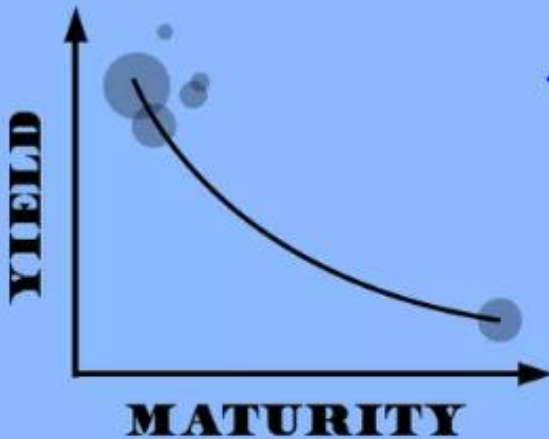
Source: Bloomberg, past performance is not a guarantee of future return. The S&P 500 is an unmanaged index and cannot be invested in directly.

Underpinning this year’s surprising market strength was the average quarterly U.S. GDP growth that topped 3% for the 16th year since 1980. Driving this move was the strong labor market leading to consistently impressive levels of consumer spending. While it is quite possible that the lagging effect of aggressive Fed tightening will impact both consumers and jobs in 2024, many economists now predict a gradual softening rather than a sharp downturn or recession in the first half of next year. However, as the Fed starts cutting rates, capital investments and manufacturing could pick up leading to renewed GDP strength in the back half of 2024.



Source: Bloomberg.

We are closing out 2023 with a highly inverted yield curve, but perhaps not for much longer. Short-term instruments like CDs and money market funds are currently yielding about 1.0% more than 2-year treasuries and nearly 1.5% more than 10-year treasury bonds. However, the moment we start to see Fed rate cuts, the yield curve will start to normalize as short rates fall in lock-step with reductions in the federal funds rate. Those with sidelined cash enjoying the current multi-year high yields should strongly consider either redeploying some of these funds into other asset classes, or at least locking in some of today's higher rates in a fixed-income security ladder before rates fall further.



Inverted Yield Curve

[in-'vart-ed 'yēld 'kərv]

The unusual drop of yields on longer-term debt below yields on short-term debt of the same credit quality.

We will be in the office during this holiday-shortened trading week completing any year-end tax selling which must be done by Friday's close. Contributions for 2023 IRAs and ROTH IRAs may be made until April 15, 2024. Our office will reopen on Tuesday, January 2nd for another 4-day trading week to start 2024. On behalf of all of us at Loftus & Preusser Wealth Partners, we want to wish you a very happy, healthy and safe new year! We look forward to another successful year working together to help you achieve your financial objectives.



Have a great week & Happy New Year 2024!

Mark and Jeff

Mark S. Loftus, CFP®

Managing Partner & Founder, LPWP

Registered Principal, RJFS

CA Insurance License #0C83705

Jeffrey C. Preusser, CFP®

Senior Partner, LPWP

Registered Principal, RJFS

CA Insurance License #0E01600

O: 630.566.9200 // T: 844.890.8750 // F: 630.566.9292

1901 Butterfield Road, Suite 100, Downers Grove, IL 60515

www.loftus-preusser.com

Loftus & Preusser Wealth Partners is not a registered broker/dealer and is independent of Raymond James Financial Services. Securities offered through Raymond James Financial Services, Inc., Member FINRA/SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc.

DISCLAIMER:

If you no longer want to receive this Monday Outlook email, simply reply to this email with "REMOVE" or "OPT OUT" in the subject line and we will remove you from our email list.

Opinions expressed in this email are those of the author and are not necessarily those of Raymond James. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material nor is it a recommendation.

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

All investments are subject to risk regardless of strategy selected. Individual investor's results will vary. Past performance does not guarantee future results. Forward looking data is subject to change at any time and there is no assurance that projections will be realized. Diversification and strategic asset allocation do not ensure a profit or protect against a loss.

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

Market return and statistical data obtained from: https://am.jpmorgan.com/blob-gim/1383452890099/83456/weekly_market_recap.pdf?segment=AMERICAS_US_ADV&locale=en_US

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.

Every investor's situation is unique, and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation.

Bond prices and yields are subject to change based on market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. Holding bonds to term allows redemption at par value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise.

This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

Money market fund is a mutual fund investing in high quality, short-term debt instruments, cash, and cash equivalents. While not principal protected, they are considered extremely low risk on the investment spectrum. The money market fund generates income, but little capital appreciation. An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Every type of investment, including mutual funds, involves risk. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

Certified Financial Planner Board of Standards, Inc. (CFP Board) owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and CFP® (with plaque design) in the United States, which it authorizes use of by individuals who successfully complete CFP Board's initial and ongoing certification requirements.