

MARKET UPDATE



»»» FEBRUARY REVIEW



The S&P 500 rose 5.2% in February. The Consumer Price Index (CPI), the most commonly used measure of inflation, was up 3.2% year-over-year, meaning that prices are over 3% higher now than they were last February. Inflation has proven to be sticky; February marks the ninth straight month of prices hovering between a 3-4% year-over-year gain, well above the Federal Reserve's target of 2%.⁽²⁾ The economy added 275k jobs in January versus the 190k expected, the unemployment rate rose to 3.9%, and average hourly earnings were up 4.3% year-over-year.⁽³⁾ Investors have had much to cheer about lately; the Dow Jones, Nasdaq, and S&P 500 have all hit all-time highs in 2024. Furthermore, the broadening of good performance to sectors like Small-Caps and International in February continues to bode well for the future.

CURRENT MARKET <<<

While inflation and interest rates were the main stories of 2023 and still remain important now, earnings, economic data, and things like Artificial Intelligence have taken much of the spotlight lately. After all, earnings are the ultimate, long-term driver of stock prices, and S&P 500 earnings rose 4% in Q4 of 2023.⁽⁴⁾ The 10yr treasury is yielding around 4.15% now after starting the year at 3.85%.⁽⁵⁾ This rise is mostly thanks to the Fed's (and now the market's) more cautious outlook on lowering rates. Mortgage rates have remained just below 7%.⁽⁶⁾ The US dollar is higher for the year but has been dropping since the beginning of March.⁽⁷⁾ Generally, a weaker dollar is good for International stocks.



»»» FUTURE ANALYSIS



The market is now pricing in 3 rate cuts for 2024, finally matching the Fed's expectations after starting the year expecting 5-6 cuts.⁽⁸⁾ Since 1928, March has been a mediocre month for the market, with an average return of 0.57%.⁽⁹⁾ Overall for 2024, earnings are expected to grow by 11%.⁽¹⁰⁾ If earnings continue to broadly meet or beat expectations, the job market remains strong with low unemployment, and inflation keeps trending down, a 'soft landing' is possible for the economy.

>>> MARKET INDICES PERFORMANCE

Market Indices*	February	YTD	1 year
S&P 500	5.2%	6.9%	28.2%
Dow Jones Industrial Average	2.2%	3.5%	19.4%
NASDAQ 100	5.3%	7.2%	49.5%
Russell 2000	5.6%	1.5%	8.3%
MSCI EAFE (Europe, Asia, Far East)	3.0%	2.5%	11.4%
US Aggregate Bond Index	-1.8%	-1.9%	0.0%


*As of 02/29/2024. Performance measured using ETFs that track the given index

SYNTHETIC BENCHMARK PERFORMANCE <<<

Allocation (Stocks/Bonds)*	February	YTD	1 year
Aggressive (100/0)	3.2%	4.4%	19.0%
Growth (80/20)	2.5%	3.6%	16.5%
Moderate (60/40)	1.7%	2.8%	14.2%
Balanced (40/60)	0.9%	1.9%	11.5%
Conservative (20/80)	0.2%	0.9%	8.6%

*As of 02/29/2024. Stocks follow a static allocation of index ETFs1, Bonds are all allocated into the US Aggregate Bond Index

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>>> SITED SOURCES

1. SYNTHETIC BENCHMARK EQUITY ALLOCATIONS ARE DIVIDED AS FOLLOWS:

Synthetic Benchmark Equity Allocations

Sector	Large Caps	Mid Caps	Small Caps	Specialty (Healthcare, Technology)	International	Bonds
Index ETF Used (allocation split evenly among these)	IWW, IVV, IVE	IJK, IJH, IJJ	IJT, IJR, IJS	IYH, IYW	EFA	AGG
Conservative	22%	6%	3%	3%	6%	60%
Balanced	28%	9%	5%	5%	9%	45%
Moderate	33%	12%	7%	6%	12%	30%
Growth	35%	15%	10%	8%	17%	15%
Aggressive	38%	18%	13%	10%	21%	

2. [HTTPS://WWW.INVESTING.COM/ECONOMIC-CALENDAR/CPI-733](https://www.investing.com/economic-calendar/cpi-733) - CPI

3. [HTTPS://WWW.INVESTING.COM/ECONOMIC-CALENDAR/NONFARM-PAYROLLS-227](https://www.investing.com/economic-calendar/nonfarm-payrolls-227) - JOBS REPORTS

4. [HTTPS://INSIGHT.FACTSET.COM/EARNINGS-INSIGHT-INFOGRAPHIC-Q4-2023-BY-THE-NUMBERS](https://insight.factset.com/earnings-insight-infographic-q4-2023-by-the-numbers) - EARNINGS

5. [HTTPS://WWW.CNBC.COM/QUOTES/US10Y/](https://www.cnbc.com/quotes/US10Y/) - TREASURY YIELDS

6. [HTTPS://FRED.STLOUISFED.ORG/SERIES/MORTGAGE30US](https://fred.stlouisfed.org/series/mortgage30us) - MORTGAGE RATES

7. [HTTPS://WWW.CNBC.COM/QUOTES/.DXY](https://www.cnbc.com/quotes/.DXY) - US DOLLAR

8. [HTTPS://WWW.CMEGROUP.COM/MARKETS/INTEREST-RATES/CME-FEDWATCH-TOOL.HTML](https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html) - INVESTOR RATE EXPECTATIONS

9. [HTTPS://WWW.NASDAQ.COM/ARTICLES/HERES-THE-AVERAGE-STOCK-MARKET-RETURN-IN-EVERY-MONTH-OF-THE-YEAR](https://www.nasdaq.com/articles/heres-the-average-stock-market-return-in-every-month-of-the-year) - MONTHLY MARKET HISTORY

10. [HTTPS://INSIGHT.FACTSET.COM/SP-500-EARNINGS-SEASON-UPDATE-FEBRUARY-9-](https://insight.factset.com/sp-500-earnings-season-update-february-9-2024#:~:text=for%20cy%202024%2c%20analysts%20are,fourth%20quarter%20(december%2031).)

[2024#:~:TEXT=FOR%20CY%202024%2C%20ANALYSTS%20ARE,FOURTH%20QUARTER%20\(DECEMBER%2031\).](https://insight.factset.com/sp-500-earnings-season-update-february-9-2024#:~:text=for%20cy%202024%2c%20analysts%20are,fourth%20quarter%20(december%2031).) - EARNINGS FOR 2024

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