

MARKET UPDATE



»»» JANUARY REVIEW



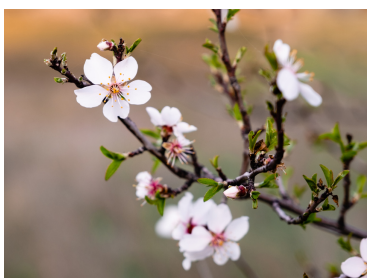
The S&P 500 rose 1.6% in January. The Consumer Price Index (CPI), the most commonly used measure of inflation, was up 3.1% year-over-year, meaning that prices are over 3% higher now than they were last January. (2) This is still above the targeted 2%, but below the peak of 9.1% in 2022. The economy added 353k jobs in January versus the 180k expected, unemployment stayed at 3.7%, and average hourly earnings were up more than expected at 4.5% year-over-year.(3) Following the theme of most of 2023, large caps and tech led the way in January, up 1.6% and 1.8% respectively. Since 1945, when the market was up in January, it ended the year positive 75% of the time.(4)

CURRENT MARKET <<<

Inflation and how the Federal Reserve will react to it remain important to the market, but better than expected earnings and good economic data have also helped drive the market higher. After all, earnings are the ultimate, long-term driver of stock prices. The 10yr treasury is yielding around 4.2% now after starting the year at 3.85%.(5) This rise is mostly thanks to the Fed's cautious outlook on lowering rates. Mortgage rates have remained below 7%, but we wouldn't be surprised if they crept up if the 10yr stays over 4%.(6) China, the world's second-largest economy, is trying to stimulate its stock market with a bailout fund and by limiting short selling as it flirts with multi-decade lows.(7)



»»» FUTURE ANALYSIS



The market is now pricing in anywhere from 3-5 rate cuts this year, while the Fed still anticipates 3 but now says that there will not be another hike. (8) Since 1928, February is the second-worst month for the market behind September.(9) Overall for 2024, earnings are expected to grow by 11%. As we are seeing with this earnings season, if earnings are strong, the job market remains strong with low unemployment, and inflation keeps trending down, a soft landing is possible.(10)

➤➤➤ MARKET INDICES PERFORMANCE

Market Indices*	January	YTD	1 year
S&P 500	1.6%	1.6%	20.5%
Dow Jones Industrial Average	1.2%	1.2%	13.1%
NASDAQ 100	1.8%	1.8%	43.6%
Russell 2000	-3.9%	-3.9%	3.2%
MSCI EAFE (Europe, Asia, Far East)	-0.5%	-0.5%	5.4%
US Aggregate Bond Index	-0.2%	-0.2%	-0.7%


*As of January 31, 2024. Performance measured using ETFs that track the given index

SYNTHETIC BENCHMARK PERFORMANCE <<<

Allocation (Stocks/Bonds)*	January	YTD	1 year
Aggressive (100/0)	-0.1%	-0.1%	13.4%
Growth (80/20)	0.0%	0.0%	11.6%
Moderate (60/40)	0.1%	0.1%	9.9%
Balanced (40/60)	0.1%	0.1%	7.9%
Conservative (20/80)	0.1%	0.1%	5.7%

*As of January 31, 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	Bond
Index ETF Used (allocation split evenly among these)	IVW, IVV, IVE	IJK, UH, IJJ	IJT, IJR, IJS	IYH, IYW	EFA	AGF
Conservative	22%	6%	3%	3%	6%	
Balanced	28%	9%	5%	5%	9%	
Moderate	33%	12%	7%	6%	12%	
Growth	35%	15%	10%	8%	17%	
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://WWW.FIDELITY.COM/VIEWPOINTS/ACTIVE-INVESTOR/JANUARY-BAROMETER#:~:TEXT=A%20BULLISH%20START%20IS%20THE,WHEN%20JANUARY%20EXPERIENCED%20MARKET%20GAINS.](https://www.fidelity.com/viewpoints/active-investor/january-barometer#:~:TEXT=A%20BULLISH%20START%20IS%20THE,WHEN%20JANUARY%20EXPERIENCED%20MARKET%20GAINS.) - JANUARY HISTORY
5. [HTTPS://WWW.CNBC.COM/QUOTES/US10Y/](https://www.cnbc.com/quotes/US10Y/) - 10YR TREASURY
6. [HTTPS://FRED.STLOUISFED.ORG/SERIES/MORTGAGE30US](https://fred.stlouisfed.org/series/mortgage30us) - MORTGAGE RATES
7. [HTTPS://WWW.CNBC.COM/2024/01/25/CHINA-IS-RAMPING-UP-STIMULUS-TO-BOOST-MARKET-CONFIDENCE-IS-IT-ENOUGH.HTML#:~:TEXT=ON%20TUESDAY%2C%20BLOOMBERG%20NEWS%2C%20CITING,TRILLION%20YUAN%20\(\\$278%20BILLION\).](https://www.cnbc.com/2024/01/25/china-is-ramping-up-stimulus-to-boost-market-confidence-is-it-enough.html#:~:TEXT=ON%20TUESDAY%2C%20BLOOMBERG%20NEWS%2C%20CITING,TRILLION%20YUAN%20($278%20BILLION).) - CHINESE MARKETS
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.MARKETWATCH.COM/STORY/THE-DOW-JONES-TENDS-TO-FALL-IN-FEBRUARY-IN-ELECTION-YEARS-ITS-EVEN-WORSE-EA83741D#:~:TEXT=HISTORY%20SHOWS%2C%20HOWEVER%2C%20THAT%20FEBRUARY,OF%20A%20YEAR%20ON%20AVERAGE.](https://www.marketwatch.com/story/the-dow-jones-tends-to-fall-in-february-in-election-years-its-even-worse-ea83741d#:~:TEXT=HISTORY%20SHOWS%2C%20HOWEVER%2C%20THAT%20FEBRUARY,OF%20A%20YEAR%20ON%20AVERAGE.) - FEBRUARY HISTORY
10. [HTTPS://INSIGHT.FACTSET.COM/SP-500-EARNINGS-SEASON-UPDATE-FEBRUARY-9-2024#:~: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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