



October 10, 2024

## **Investment Review and Outlook Third Quarter 2024**

In September, the Federal Reserve surprised investors with a 0.50% interest rate reduction, double the amount expected. The Fed also announced its intention to reduce rates further through 2025. As a result, U.S. equity markets reacted favorably, finishing the quarter at an all-time high. Bonds also produced strong returns.

During the quarter, U.S. large company stocks gained 5.9% (S&P 500), small company stocks returned 9.3% (Russell 2000 index), and international stocks rose 6.7% (EAFE index). Bonds also performed well as lower interest rates pushed bonds prices higher, ending the quarter with a 5.2% gain (Barclays Capital Aggregate bond index).

It appears that the Fed has so far been successful in its endeavor to slow inflation and prevent the economy from slipping into an economic recession. Also, the anticipated interest rate reductions in the quarters ahead should provide further support for economic growth. Investment analysts anticipate strong corporate earnings, lower inflation pressure, and an improved unemployment rate.

Although the backdrop of this positive outlook gives us some comfort, unforeseen economic and political pressures can surprise investors, resulting in uncertainty and market volatility. So, it is important to take a long-term approach to managing portfolios. We continue to feel that the stock market provides the best long-term investment for growing wealth. Long-term asset allocations for each client are based on thorough, careful analysis, taking risk and return into account. We focus on long-term growth and refrain from making investment decisions based on potential short-term market volatility.

Sleeping well at night is certainly important. While we believe that stocks should perform well in the long run, if you sense that riding out a market decline would be difficult for you, we should revisit and discuss your risk tolerance to ensure you are in an appropriate mix of investments. As always, please call us anytime if you have any questions or if we can assist you in any way.

Best Regards,

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