Beacon Trust
INNOVATING WEALTH STRATEGY

January 6, 2025

Beacon Weekly Investment Insights

We finished the calendar year 2024 last week and also started the 2025 calendar year. It makes a certain amount of sense that equity markets finished the week on a slight down note, given the 23% price return for the S&P 500 in calendar 2024. Investors tend to rebalance portfolios at year end and position for their expectations for the coming year. This year of course, more uncertainty persists in this positioning as we transition to President-Elect Trump's economic, fiscal, and political agenda.

Not to recap the year in full, but once again, as in 2023, the returns of the broader index were dominated by the Top 7 constituents. In total, Apple, Nvidia, Microsoft, Alphabet, Amazon, Meta, and Tesla accounted for about 57% of the market cap weighted S&P 500 index return. The theme continues to revolve around Artificial Intelligence however, we believe the focus will continue to transition away from the pure hardware players into secondary and tertiary themes such as software and power. Ultimately, the use cases and efficiency potential of adoption of AI will come into more focus and begin to reflect in corporate financial metrics such as cash flow and profitability.

Last trading week being shortened by the New Year's holiday, saw very little in terms of data releases. Importantly however, the ISM Manufacturing report was reported at a level of 49.3 in December. While this remains below the level of 50 which signals expansion, this reading is the closest we have been to expansion since very early in 2024.

Two releases of consumer attitudes were released last week as well. The Conference Board released its measure of consumer confidence, and it fell 7.1% month over month. This survey attempts to capture consumer buying intentions, vacation plans, and expectations for inflation and employment. In contrast, the University of Michigan's survey of consumer sentiment rose by 3.1% in December and is at its highest level since April 2024. This survey is more focused on households financial situations and inflation expectations.

Outside of equities, the price of the US Benchmark WTI (West Texas Intermediate) crude oil, rose almost 5% last week. We note this as winter weather has appeared in a few regions of the US and elsewhere along with continued geopolitical tensions. Energy prices in general have been relatively soft due to week economic activity in the Asian region and the associated decline in demand. Also, US policies are expected to encourage domestic output, which would put downward pressure on prices. This will be something to monitor in the new year as energy prices are a key component to the overall inflationary environment. Recall, that inflation has moderated over the year, but remains stubbornly above the Federal Reserve's 2% ultimate target.

This week will also be a short trading week in the equity markets. On Thursday, January 9th, equity markets will be closed in observance of the death of former President Jimmy Carter. Fixed income markets, while open, will be closing at 2:00 pm.

Data releases will be much more extensive than the previous two weeks. Monday the S&P Global US services PMI will be released along with durable and capital goods orders. On Wednesday, the release of the FOMC meeting minutes from December will be released along with reports on consumer credit and mortgage applications. For a gauge on the employment market, the Jobs Opening Survey will be released on Tuesday, initial jobless claims on Wednesday and Friday, the non-farm payroll report for December will be released.

Wishing you all a happy, healthy, and prosperous new year!

Market Scorecard:	12/31/2024	YTD Price Change
Dow Jones Industrial Average	42,544.22	12.88%
S&P 500 Index	5,881.63	23.31%
NASDAQ Composite	19,310.79	28.64%
Russell 1000 Growth Index	4,042.28	32.46%
Russell 1000 Value Index	1,823.95	11.94%
Russell 2000 Small Cap Index	2,230.16	10.02%
MSCI EAFE Index	2,261.81	1.15%
US 10 Year Treasury Yield	4.86%	98 basis points
WTI Crude Oil	$71.72	0.10
Gold $/Oz.	$2,624.50	27.22%

Beacon Trust 163 Madison Avenue, Suite 600 | Morristown, NJ 07960 | 973.377.8090 | BeaconTrust.com