

## What lies ahead for the markets and our economy in 2024?

This past year you experienced higher interest rates, inflation, global turmoil, and big gains in tech stocks linked to the growth of AI. Hear from our Strategy Asset Managers investment team about the outlook for the economy, interest rates, stocks, and bonds, and your investments for the year ahead. You may be surprised!

**In case you missed it, here are some of the highlights from our discussion:**

### Economic and Market Review

The year 2023 was marked by higher interest rates, inflation, a regional banking crisis, a debt-ceiling standoff, and global turmoil. Despite these challenges, the labor market remained tight, suggesting a robust consumer spending environment.

- The stock market experienced a robust first half, primarily driven by mega-cap stocks. A notable “rubber band effect” was observed, with parts of the market that had dropped the most in 2022 rebounding strongly in 2023.
- In both March and October, a temporary breather in the markets was noted, but the overall outlook remained positive. A renewed sense of optimism indicated better days ahead.
- Investors showed a marked preference for cash, with global investors adding a record \$1.1 trillion to their cash holdings, the highest since the pandemic.

### Outlook for 2024

As we look ahead to 2024, several key factors are expected to shape the market landscape:

- **Interest Rates:** Rates are anticipated to head lower next year but may remain higher than expected, as inflation continues to be sticky, labor remains resilient, and economic growth persists. With interest rates likely having peaked for this cycle, it’s an important time to discuss options for cash management and potentially locking in today’s extremely attractive U.S. Treasury yields.
- **Market Dynamics:** With the rapid adoption of generative AI and medical innovations like GLP-1 weight-loss drugs, significant impacts are expected in various sectors as the economy transitioned toward better-than-expected growth and more persistent inflation.
- **Risks:** Challenges include higher inflation, interest rates, lower corporate earnings, market volatility, and geopolitical risks. The global bond yields have climbed to the highest levels since 2008, indicating a cautious approach.

Overall, the outlook for 2024 is cautiously optimistic, focusing on companies with strong cash flow and high-quality value. We also expect to see a potential shift in consumer spending patterns due to medical advancements and reshoring trends which would help small to mid-cap stocks and international stocks. This transition is expected to benefit SAM Strategies, with moderate global growth recovery and broader participation across various sectors.

Strategy Asset Managers, LLC is a Registered Investment Adviser. This market commentary is solely for informational purposes and is not intended to provide specific advice or recommendations for any individual or on any specific security. It is only intended to provide education about the financial industry. To determine which investments may be appropriate for you, consult your financial advisor prior to investing. Advisory services are only offered to clients or prospective clients where Strategy Asset Managers, LLC and its representatives are properly licensed or exempt from licensure. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by Strategy Asset Managers, LLC unless a client service agreement is in place.