

# FINANCIAL FOCUS



A Pegasus Newsletter<sup>©</sup>

January 2024

**D**ear friends,

As we close out a memorable 2023 and begin the new year, we continue to see progress in the curbing of a rising inflation rate and stabilizing economic conditions. The coming quarter will be a busy one with earnings season beginning and ever increasing geopolitical issues. We wish you a happy and healthy New Year and, as always, appreciate the trust you place in Pegasus.

By, Jaysen Bohrod, CFA

## Market Commentary

With the fourth quarter coming to a close, we saw a major rally in the equity and bond markets. The S&P 500 index finished the year with nine consecutive weekly gains, rising 24.23%, only .56% off its closing high set in January 2022. The Magnificent Seven, composed of Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla, finished the year in remarkable fashion, with an average total return of 104.7%. The Dow Jones Industrial Average finished the year with a 13.7% return, while the Nasdaq Composite saw a 43.42% increase for the year, fueled by the advancements in the Artificial Intelligence space.

The bond market finished the year with a rally as well. The 10-year US Treasury Note yield rose to 5.021% in October, a rate not seen since 2007, then fell to a low of 3.785% at the end of December. The rally can be attributed to more dovish language coming from the Fed, as investors anticipate interest rates declining in the future. The 2-year US treasury note closed the year at 4.25%, after reaching a 17-year high of 5.548%. The spread between the 2-year and the 10-year notes, often used for economic predictions, narrowed to  $-.384$ . A negative spread means that rates are higher at the shorter end of the yield curve and usually seen as a recession indicator. Interestingly, the spread has been negative since July

of 2022 and we have yet to see a recession.

The inflation numbers from November showed a slight slowdown in rising prices. In the twelve months ending November 2023, the Consumer Price Index increased 3.1%, after an increase of 3.2% from October 2022 to October 2023. The increase was attributed to a 2.9% rise in food prices and a 6.5% rise in shelter cost. Energy prices decreased 5.4% with the help of declining oil prices in the fourth quarter. OPEC oil production cuts provided upward pressure on oil prices by the end of September with Brent reaching a high for the year of \$98 a barrel. After a decline from those highs, the Israel-Hamas conflict sent prices rising again to \$91 a barrel. Initially, prices remained high as fear of wider conflict kept the pressure on, but as those fears eased, prices fell. By mid-December, there was another spike in prices as tensions rose over the attacks on the shipping vessels in the Red Sea. The cost to ship goods, including oil, increased as the risks of traveling through the Suez Canal forced shippers to reroute ships around the southern horn of Africa.

The price of an ounce of gold rose 11.1% for the quarter to an all time high of \$2,095.80, while silver has remained flat for the year. Demand for gold has remained strong as investors see uncertain economic projections and geopolitical tensions continuing to rise.



## NUMBERS TALK

- Black Friday dollars spent 2023.....\$9.8B
- Cyber Monday Dollars spent 2023.....\$12.4B
- US national Debt.....\$34T
- Amount of interest owed on US national debt in 2024.....~\$800B
- Average rate on a 30-year mortgage.....6.62%

## Taxes & Retirement Accounts

- 2023 Tax Form 1099 is issued by Charles Schwab online at [www.schwaballiance.com](http://www.schwaballiance.com) in the middle to **end of February**. Mailed copies (if enrolled) will be sent out by Schwab and received **in March**.

For a copy of your 1099 tax form go to:

[www.schwaballiance.com](http://www.schwaballiance.com)

Click the 'Accounts' tab

Click the 'Statements' tab

Click the '1099 Tax Form'

- Please make all 2023 *retirement account contributions* by the first week in April 2024. Make checks payable to your account name and number and write the contribution year in the memo line. For electronic transfers, be sure to code the contribution for the correct year.
- Annual IRA & ROTH IRA contributions for **2023**: \$6,500 per year if under age 50; \$7,500 if 50 years old or older. The total can't be more than your taxable compensation for the year.
- Please make *tax payment requests* by the first week in April 2024 to guarantee the payment is made on time. Charles Schwab cannot send tax payment checks via UPS to a P.O. Box.

## Beneficiaries

Annually review and update your account beneficiaries to confirm accuracy, especially after major life events such as marriage, divorce, death, or having a baby. The new SECURE Act rules can affect Trusts as beneficiaries. Be sure to review your Trust with your Estate attorney.

To update your beneficiaries online, go to:

[www.schwaballiance.com](http://www.schwaballiance.com)

Click the 'Profile' tab at top right

Click 'Beneficiaries' in drop down menu

Review & Update all accounts

## Stock Market Holidays

January 1 - New Year's Day

January 15 - Martin Luther King, Jr. Day

February 19 - Washington's Birthday

March 29 - Good Friday

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Pegasus Asset Management, Inc.), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Pegasus Asset Management, Inc. Please remember to contact Pegasus Asset Management, Inc., **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Pegasus Asset Management, Inc. is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of Pegasus Asset Management, Inc.'s current written disclosure statement discussing our advisory services and fees is available for review upon request.



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