

# FINANCIAL FOCUS



A Pegasus Newsletter<sup>©</sup>

January 2025

**D**ear friends,

As we begin the new year, we trust the momentum of the previous 2 years can continue. Economic optimism is rising and technological advancements will drive domestic growth. We hope you all had a great 2024 and, as always, please reach out with any questions you may have.

By, Jaysen Bohrod, CFA

## Market Commentary

2024 was a year marked by resilience in global equity markets, despite ongoing concerns over macroeconomic conditions, geopolitical uncertainties, and inflationary pressures. After 2023, when interest rate hikes and slowed growth created volatility, we saw more of a stable environment for 2024 as the tightening cycles came to an end and led to a favorable environment for risk assets.

The U.S. equity market, represented by major indices like the S&P 500 and the Nasdaq Composite exhibited continued strength in 2024. The S&P 500 returned 25%, while the technology dominated Nasdaq Composite returned 32.957%. The Magnificent Seven, which includes Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta and Tesla, has continued its dominance of the S&P 500, growing to represent about one-third of the market capitalization at the end of the year from about 20% at the beginning of 2023 and accounting for more than half of the gains in 2024. The broader market benefited from the Artificial Intelligence momentum we have seen over the past 2 years. Corporate earnings in the U.S. are showing resilience and are continuing to grow despite inflationary pressures keeping input costs elevated. Outside the U.S., equity markets in Europe were muted. The STOXX 600, which measures European stock performance, ended 2024 with a 5.9% gain. Sluggish productivity and inflation kept a cap on the upside potential.

Central banks maintained a “higher for longer” stance in 2024, with rates stabilizing towards the end of the year. The 2 year U.S. Treasury started the year at 4.25%, rose to just over 5% at the end of April, fell to 3.5% at the end of October, and finally ended the year at 4.25%. The 10 year U.S. Treasury Note started 2024

yielding 3.866% and followed a similar volatile path to the 2 year note, ending the year at a rate of 4.57%. For the past two and a half years, the 2 year U.S. Treasury rate was higher than the 10 year U.S. Treasury rate, which as discussed in the past, signified an inverted yield curve. Investors were demanding higher rates for the short term due to inflationary pressures and other uncertainties. With inflation easing and interest rates stabilizing, the yield curve “uninverted” and began to steepen by December, indicating investor expectations of continued Federal Reserve interest rate cuts.

Oil prices were largely stable in 2024, remaining range bound between \$75 and \$90 per barrel as global demand and OPEC+ production decision balanced out. Gold prices reached all time highs during the year of \$2,790 per ounce, returning 27.2%, while Silver finished the year at \$28.90, returning 21.5%. Prices clearly benefit from investor flight to safety amid inflation and geopolitical uncertainty.

Looking forward, markets are very likely to remain influenced by central bank policies, economic growth trajectories and geopolitical developments. Earnings growth will be critical for equities in 2025 as valuations are at all time highs, supported by a 30.205 price to earnings ratio on the S&P 500 compared to the historical average of about 20. Fed Policy, in terms of the size and timing of rate changes, and inflation will be key drivers of the bond market’s performance. Commodities prices, including oil and precious metals, are likely to remain volatile, with OPEC+ policy and other geopolitical concerns front and center.

In conclusion, 2025 could see continued growth in some areas as long as inflation continues to cool and central banks can support economies while minimizing risks of a recession.



## Numbers Talk

- United States National Debt.....\$36.4T
- 30 Year Fixed Rate Mortgage.....6.96%
- US Gross Domestic Product.....\$29.6T
- Total Credit Card Debt Held in U.S.....\$1.35T
- Number of Electric Vehicles Sold in the U.S. in 2024.....1.3M
- Cost in 2024 for the U.S. Mint to produce a penny.....\$0.0369
- U.S. Crude Oil production per day in barrels.....13.48M

### Steps You Can Take To Help Protect Your Accounts:

1. Use two-step verification. This security feature requires that you enter a unique security code whenever you access your accounts online, making it more difficult for someone to gain access to your information.
2. Secure your passwords. Using password manager software makes it easier to manage your login information across websites—and helps you create strong and unique passwords. Additionally, adding a verbal password to your Schwab accounts is another layer of protection. This is an effective security measure to prevent a successful and/or prevented fraud attempt. For assistance contact Schwab Alliance at 1-800-515-2157.
3. Use biometrics where available. If your smartphone or PC offers biometric security options like a fingerprint reader or voice or facial recognition, we recommend using those features. They add another unique layer of security that could stop financial criminals in their tracks. We highly recommend that you enroll in Schwab’s Voice Identification. For assistance contact Schwab Alliance at 1-800-515-2157.
4. Do not click on links in emails and texts. Online financial criminals try to make their emails or texts look legitimate. Be skeptical of all emails, texts, and any included links and attachments unless you are 100% certain that the email or text is legitimate. You can send suspicious emails or texts to [Phishing@schwab.com](mailto:Phishing@schwab.com).

## **WE’RE MOVING TO A NEW LOCATION!**

As of March 15, 2025, our office will be at:

**Pegasus Asset Management, Inc.**  
**44 Whippany Road, Suite 101**  
**Morristown, NJ 07960**

All phone numbers & email addresses remain the same.

### Stock Market Holidays

Martin Luther King Jr. Day—January 20<sup>th</sup>  
President’s Day — February 17<sup>th</sup>  
Good Friday—April 18<sup>th</sup>



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Exclusive of charts

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