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Three Things to Close 2023, and Three Things to Look Forward to in 2024 by Matt Lockridge

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U.S. Value Team

Three Things That Drove the Market in 2023	<p>1 The Regional Bank Crisis and Subsequent Monetary Stimulus</p> <p>The banking crisis in March seemed to disappear nearly as quickly as it appeared, as the FDIC and competitors quickly stepped in to limit the collateral damage in the banking sector. The stock market</p>	<p>1 The Lagging Impact of Monetary Tightening</p> <p>With interest rates at a plateau, we will closely watch how consumers and businesses fare with high interest rates and stubborn inflation. Interest rates impact consumer spending, as mortgages, auto loans and credit card rates are higher. Corporations and small businesses pay more to borrow money as well, impacting profit margins.</p>	<p>2 Exuberance Over Artificial Intelligence</p> <p>The world was both captivated and repulsed by the concept of artificial intelligence (AI), which exploded into the public consciousness. AI could either save the planet, or turn us into batteries for machines – or maybe both. For investors, the trends led to the “Magnificent Seven” stocks that led the</p>	<p>2 A Pivot in Leading Economic Indicators</p> <p>As equity investors, we pay close attention to the direction of the economy. We will look to our favorite data points for any indication of broad-based economic growth.</p>	<p>3 Federal Reserve Hikes, Pauses, and Pivots</p> <p>Investors watched and waited for signs that the Fed would pause its rate-hike campaign. Now they wait for the first rate cuts, expected in mid-to-late 2024.</p>	<p>3 Investors Shifting From Cash to Risk Assets</p> <p>While cash was king in 2023, we expect to see investors shifting out of cash into risk markets in 2024 as interest rates decline. This could be</p>
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quickly shrugged off the challenge and rallied. And there are always unexpected issues – the “unknown unknowns” – that could surface as we pivot from tightening to easing. S&P 500 to gains of over 20% this year. a catalyst for a stock market rally.

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