



A New Year with Some Old Story Lines

Written by: Drummond Osborn & Robert Laura

January 2024

Did You Know? “A Deck of Cards”

A card deck contains: 10 cards Ace through 10 with three picture cards (Jack, Queen, and King).

The traditional deck cards is a strikingly coherent form of a calendar.

52 weeks in the year (52 playing cards in a deck).

13 weeks in each season (13 cards in each suit).

4 seasons in a year (4 suits in the deck).

12 months in a year (12 court cards). (i.e. Jack, Queen, King in each suit.)

Red cards represent day, and black cards represent night.

Jacks = 11, Queens = 12, and the Kings = 13, then add up all the sums of $1 + 2 + 3 + \dots + 13 = 91$.

Multiply this by 4, for the 4 suits, and $91 \times 4 = 364$.

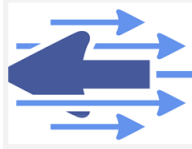
Add 1 that is the Joker and you will arrive at 365 being the days in a year

The jack of spades, the jack of hearts, and the king of diamonds are drawn in profile. You can see only one eye.

The rest of the picture cards have their faces toward us and we see both eyes.

The king of hearts has a sword behind his head, and the king of diamonds has an ax behind his. They're nicknamed the suicide kings.

Source: GetVisible.com



The final month of 2023 provided quite the topper for markets this year. The Dow and S&P ended the month 3.4% and 4.5% higher respectively, while the Nasdaq notched a 6.7% gain. It was a strong ending to a surprising and unpredictable year which produced double-digit returns for all three major stock indexes, with the tech heavy NASDAQ leading the trio, with a 44% return. While some have viewed the S&P 500 and the Dow as interchangeable proxies for the US stock market, their returns for 2023 were at historic spreads, with the S&P up over 26% and the Dow total return just over 13%.

The 2023 equity run up was in stark contrast to the negative numbers from 2022. It is interesting to note, that combining the bad (2022) with the good (2023) the S&P is still short of its all-time closing high of 4,100 – a level set 24 months ago in Jan of 2022. For us, that's a sign that there's still room for the market's to grind higher, as we view most areas of the market to be fairly valued verses overvalued, in an economy that's not too hot or too cold.

A peek in the 2023 rearview mirror reflects a wide spread call for recession – that never happened – and an AI driven tech rally, that seemed to come out of nowhere. Not too surprisingly, both topics are back in the headlines for 2024. Some pundits are still whispering about a potential mild recession, and AI's future market run is a love/hate tale. The bulls suggest it's the next digital gold rush and the sector is drastically undervalued; poised for double digit growth, again this year. The bears say AI stocks have run too far, too fast, and current valuations need to come down.

Headwinds know no new year's calendar, as geopolitical events continue to garner investor attention, with wars still raging on in Ukraine and the Gaza strip, creating turmoil with shipping in the Red Sea, and worries over how “outsiders” will react/interact to these conflicts and their global humanitarian crises. Toss in our own political calendar chalked full of “What-if's” including the presidential nominations (and election), Congress's ability to unify and fund the government, and Federal Reserve's continued attention to interest rates and inflation, and 2024 is set for excitement. It can feel like a lot to take in and sort through, which is exactly why we're adding extra ink to our typical front page commentary. Let's start with some positive market data.

Historically speaking presidential election years are typically good for markets. According to FactSet, in presidential election years dating back to World War II, the average return for the S&P 500 is 8.7%. This goes up to 9.1% when markets come off a positive return the year before. Additionally, when the last month of the year provides a positive return, January usually follows suit, producing an average return of 1.4%. While this January barometer has an 83% success rate, history is no promise for future results.

Beyond the tea-leaves of history, we do foresee positive market movements in 2024. Consumers have proven resilient, as they continue to spend, which supports positive corporate earnings, which then translates into continued dividend flows and potential share price growth. Unemployment remains near historic lows. Inflation has come way off its peak

Trivia

- 1) How many ghosts chase Pac-Man at the start of each game? Extra credit for names
- 2) Who was the first Disney princess?
- 3) What do you call it when a bowler makes three strikes in a row?

What's your Plan for.... .. Safer Tech?

I won't name names, but someone recently confessed to me that they use the same password for everything. "Who can remember so many passwords?"

Cyberattacks are growing, hackers becoming more nimble, and our technology dependence growing by the day.

Here are a few simple tips to make the New Year a tech-safer year:

Use a password manager. Yes there is some effort on the front end, but a password manager can do everything from create passwords to securely store all your passwords. Top services include: Bitwarden or 1Password.

Password managers can also help identify compromised or weak passwords.

There are other easy steps to be tech savvy safe.

So, What's Your Plan for foiling those hackers in 2024?



Drummond Osborn, CFP® RICP®

OSBORN Wealth Mgmt
912 Michigan Ave LaPorte, IN
(219) 362-8567
ddo@osbornwealthmanagement.com

NEW YEAR . . . (CONTINUED)

and continues to trend toward the Fed's 2% target. And lastly, borrowing costs have come down, as interest rates seem to have topped out (*though the Fed will follow the data IF more increases are warranted*), and interest rates cuts are suggested for 2024 (*though the Fed will follow the data for WHEN rates might be lowered*).

If that last sentence seems a bit vague, then you read it correctly. Even the voting members of the Fed view the rate cut issue differently. The most recent Fed "dot plots" were truly scattered, with two Fed officials calling for zero rate cuts in 2024, while another official suggested the equivalent of six-quarter point cuts.

For those still hedging their bets for a possible recession, it is worth noting that all past recessions were preceded by a downturn in housing. Fortunately for us, there is still a shortage of homes, and with mortgage rates already back below the 7% level even before any Fed cuts, we expect supply to remain constrained and for demand to rise. Particularly for millennials who continue to enter a key stage of life that includes home ownership. So, the current housing landscape serves to reduce the likelihood of a near-term recession.

When it comes to headline factors like AI, we see long-term opportunities. We don't, however feel the need to capitalize directly on the hype by trying to find the latest AI unicorn stock. We prefer instead to have exposure with less risk by owning more established companies that have found ways to use AI to further their competitive advantages.

For example, new Deere (D) tractors are employing AI to recognize and spot treat weeds in fields rather than over spraying an entire area. Established tech names, such as a Microsoft and Adobe continue to use their proven business models to provide exposure to these emerging industries and technologies while avoiding some of the risk that comes with being an all-in, early adopter.

You have likely heard mentions of the magnificent seven, tech giants Amazon, Apple, Microsoft, Meta, Google, Tesla, and Nvidia, and how they were responsible for 58% of the S&P 500's market return in 2023. Remove these 7 names, the S&P's other 493 names total provided barely 12% of the index's nearly 26% return.

While that's impressive, betting on just 7 of 500 stocks, represents a narrow market. The good news and reason we see opportunities for broader diversification was the broadening of the markets, at year end, with a larger list of companies moving higher.

As said earlier, we see a solid, though unremarkable (hopefully) year ahead, with bonds returning to their historic role of income and stability, and our preference of dividend paying stocks outpacing the big growth stocks of recent rallies. Beyond the portfolios, we continue to provide our clients with needed planning expertise and poise, that has endured for over 30 years, spanning economic booms and busts, and navigating seven different residents of the White House, from Reagan to Biden. Thanks for your continued trust.

Trivia Answers

- 1) Four ghosts. Extra Credit: Blinky (red), Pinky (pink), Inky (cyan), & Clyde (orange)
- 2) Snow White
- 3) A Turkey

Disclaimer: SYNERGOS Financial Group dba as OSBORN Wealth Management is a Registered Investment Advisor registered in the States of Indiana and Michigan and is not affiliated with any bank or broker/dealer. This material is for informational purposes only and does not constitute an offer to sell or a solicitation to buy or sell any security mentioned herein. Investments may not be FDIC insured.