2024 Q2 Newsletter

Market volatility returned this quarter, and this should not be surprising. The markets have been regularly hitting new highs and were practically straight up for nearly 6 months (October ’23 through March ‘24). The market being straight up for that long was rather unusual. The 7 largest holdings of the S&P 500 make up approximately 30% of the total value of the index. Consequently, one of these companies reporting good or bad news will have an overstated impact on the stock market. There is so much mixed economic data that anyone can spin a rosy or gloomy picture. Much of the volatility may also be the markets reacting to inflation reports and expectations; inflation remains stubborn.

Not to sound pessimistic, but I expect more of the same volatility that we have seen this quarter for the rest of the year. Even if we didn’t have the market concentration I described above, it is an election year and there are a lot of moving geopolitical events that could get worse before they get better. The good news is that we have been taking action to try and limit the impact of market volatility. Some of our tools include buffer funds (which tend to limit the volatility of the underlying index) and smart-beta funds (which reweight market indexes towards preferable characteristics such as profitability). Other good news is that normal interest rates means that any portion of an account in money market, bonds, etc are earning a very attractive yield and should help offset stock market volatility.

On a personal note, Megan and I welcomed our second son Aiden into the world on May 9th.

If you have any questions or concerns, do not hesitate to contact me. Thank you

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