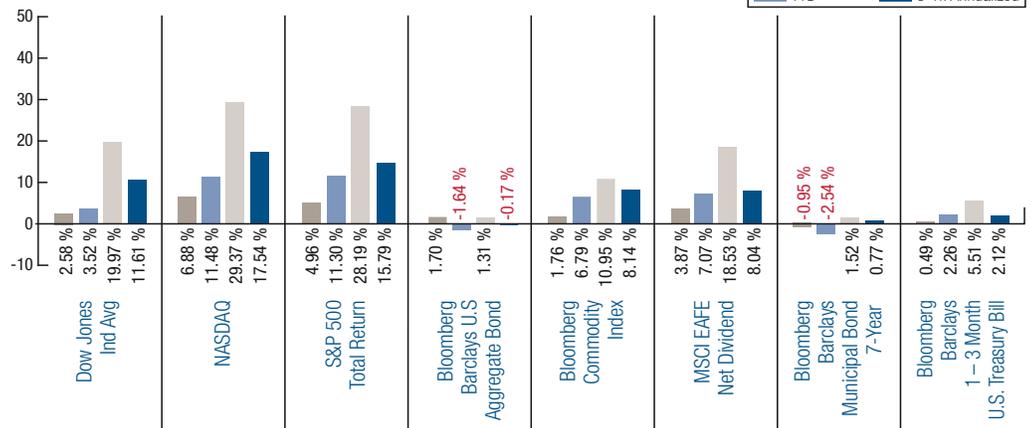


From the Office of Jeff Sgroi, CFP®



“Wealth is the ability to fully experience life.”
— Henry David Thoreau

Asset Class Returns (as of May 31, 2024)



Material prepared by Raymond, James for use by its Financial Advisors

Market & Economic Synopsis

- S&P 500 & NASDAQ indices continue to hit record closing levels; Dow Jones Industrial Average breaks 40,000 mark.
- Mortgage rates drop as homebuying conditions ease; 30-year fixed rates settle in below 7%.
- Energy prices creep higher, as WTI Crude closes over \$82/barrel on June 20th.
- “Inside Out 2” scores big at the box office, grossing \$155 million in revenue on opening weekend.

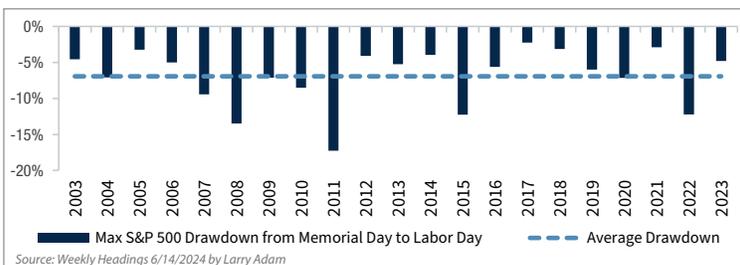
- Important economic readings, including Consumer Price Index (CPI), Producer Price Index (PPI) and weekly initial jobless claims indicate a slowing economy via lower inflationary readings and a cooling job market.
- The Federal Reserve opted to leave the federal funds rate unchanged through their June meeting, and indicated fewer rate cuts are likely before year end than projected going into 2024.
- Summer Olympics set to begin with Opening Ceremonies on July 26th in Paris.

Market Update

“Sell in May and go away” is the adage used by many investors to explain away historical market doldrums during the summertime. That wise saying has not played out, as of late, however, as we have experienced summer gains in seven of the past eight years. Below are a number of other interesting, and timely market, economic and political considerations, with statistical data and evidence to consider.

Summer Slow Down?

Over the past two decades, the average market drawdown between Memorial Day through Labor Day is approximately 7.5%. Thus far in 2024, we have primarily enjoyed new index highs. Allowing history to provide guidance, we should expect some market pullback the next few months.



Large-Cap Earnings Dominating Small Cap

Large-cap companies, and more specifically, mega-cap companies have driven positive market performance the past few years. Small cap companies have lagged in a meaningful way. We know stock prices are driven by corporate earnings; the chart’s earnings broadly correlate to large and small cap index returns over similar time periods.



Narrow Participation

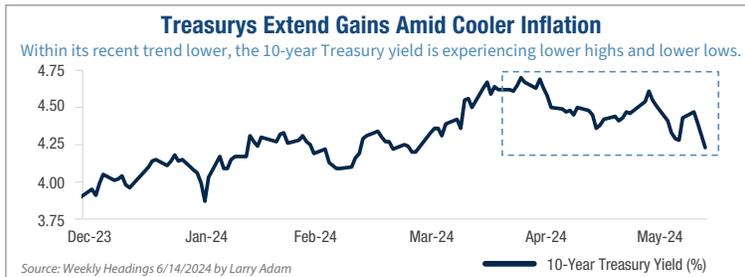
Surprisingly, few companies have supported the record-breaking index levels. In fact, since January 2024, when approximately 90% of S&P 500 companies traded above their 50-day moving average, less than 50% now trade above their 50-day moving average. Robust performance by a select few companies, however, have pushed broad indices higher.



Source: Weekly Headings 6/14/2024 by Larry Adam

Treasuries Rally

As inflation data demonstrates a disinflationary trend, yields have dropped. Correspondingly, Treasuries and other bonds have rallied. Good news for our clients holding fixed-income investments!



Republicans or Democrats? Does it Matter?

As our friends at AMG and Bespoke Investment Group illustrate, the short answer is “no.” Under the 21 different United States presidents since 1900, the median annualized return of the DJIA is 6.6% for both parties. It is noteworthy, though, that there are years and administrations where market performance varied significantly from the median return.

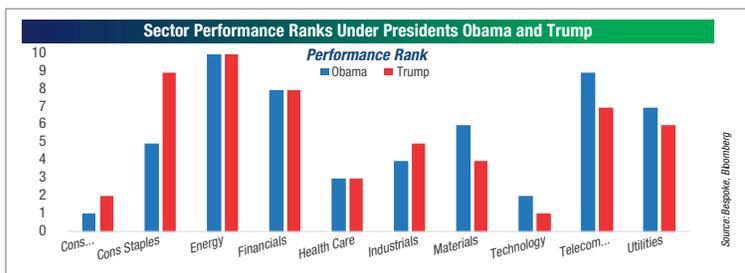
President	Date Elected or Assumed Office	Date of Next Election	DJIA Percent Change (%)	
			Percent Change (%)	Annualized Return (%)
T Roosevelt	9/14/1901	11/3/1908	23.3	3.0
Taft	11/3/1908	11/5/1912	8.9	2.2
Wilson	11/5/1912	11/2/1920	-5.3	-0.7
Harding	11/2/1920	8/3/1923	3.2	1.1
Coolidge	8/3/1923	11/6/1928	192.0	22.6
Hoover	11/6/1928	11/8/1932	-74.9	-29.2
FDR	11/8/1932	4/13/1945	147.4	7.6
Truman	4/13/1945	11/4/1952	69.2	7.2
Eisenhower	11/4/1952	11/8/1960	121.2	10.4
JFK	11/8/1960	11/23/1963	19.1	5.9
Johnson	11/23/1963	11/5/1968	33.0	5.9
Nixon	11/5/1968	8/10/1974	-17.9	-3.4
Ford	8/10/1974	11/2/1976	24.3	10.2
Carter	11/2/1976	11/4/1980	-3.0	-0.8
Reagan	11/4/1980	11/8/1988	127.0	10.8
Bush I	11/8/1988	11/3/1992	52.9	11.2
Clinton	11/3/1992	11/7/2000	236.7	16.4
Bush II	11/7/2000	11/4/2008	-12.1	-1.6
Obama	11/4/2008	11/8/2016	90.5	8.4
Trump	11/8/2016	11/3/2020	49.9	10.7
Biden*	11/3/2020	11/5/2024	43.4	11.3
Median Overall			33.0	7.2
Median Republican			23.8	6.6
Median Democratic			51.1	6.6

* Performance is through 3/20/24

Source: Bespoke, Bloomberg

Sector Performance – Obama & Trump

Again, to the surprise of many, sector performance was neutral during the last two full presidential terms (Obama & Trump’s administrations). Despite different legislative focuses and efforts, sector performance was quite close in energy, healthcare, and other businesses where legislative efforts were vastly different. Our takeaway is that diversification is critically important.



Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is a diversified index measuring approximately 6,000 investment grade, fixed-rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the U.S. & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

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From the Officefront

On June 6th and 7th, for the first time in my 25+ years running this office, I organized a team retreat for my staff. It encompassed some work and some play, and was a fantastic opportunity to spend time together outside of our normal environment and build upon what I feel is an already All-Star Team.

Thursday we spent the day with Errol Doebler. Errol is a former Navy SEAL, FBI Agent, author, mentor, and overall inspirational person. He also happens to be a friend and collaborates with companies, large and small, to improve their culture, communication, and overall operation. In the morning, we (Susan, Zach, Alyssa, and myself) spent time with Errol working through specific and targeted leadership and personal improvement opportunities. In the afternoon, we worked with Errol on a breathing technique based on the Wim Hof Method, which culminated with a cold plunge into an ice-filled tub. Each of us lasted two minutes in the frigid water, thanks to Errol’s motivation and tools.

Friday we spent the morning fly fishing on the Fryingpan River, about 12 miles east of Basalt. Everyone caught fish, but Susan’s rainbow trout was (by far) the largest. Our guide estimated it to be over six pounds! Here is Alyssa with a nice brown.



From the Homefront

The past few weeks have been adventure-filled for our family.

Lily and Hannah capped off their final week of 5th grade with an outdoor education trip to Fruita, Colorado with 35 of their classmates. Stella attended as part of the 8th grade WEB leaders group, and I as an adult chaperone (although left to their own accord, most all of these kids would have fared just fine without us!). Below is a photo of Stella and a friend exploring some of the geological features in Colorado National Monument, where the group spent a morning hiking and exploring.



My parents visited for a few days during Stella’s 8th grade graduation week. I was happy to put my Dad on some birds that he doesn’t see very often, coming from the East Coast!

Stella also had her spring dance recital with Aspen Santa Fe Ballet and both Lily and Hannah rounded out a solid season with the Mountain Lions soccer team, nearly winning their final tournament of the season. They played a couple of tough teams from outside of our region, going down 2–1 against a strong Buena Vista team in their final match. Hopefully they will have me back again next autumn to coach again!

