Monthly Market Recap – Dec. 2023

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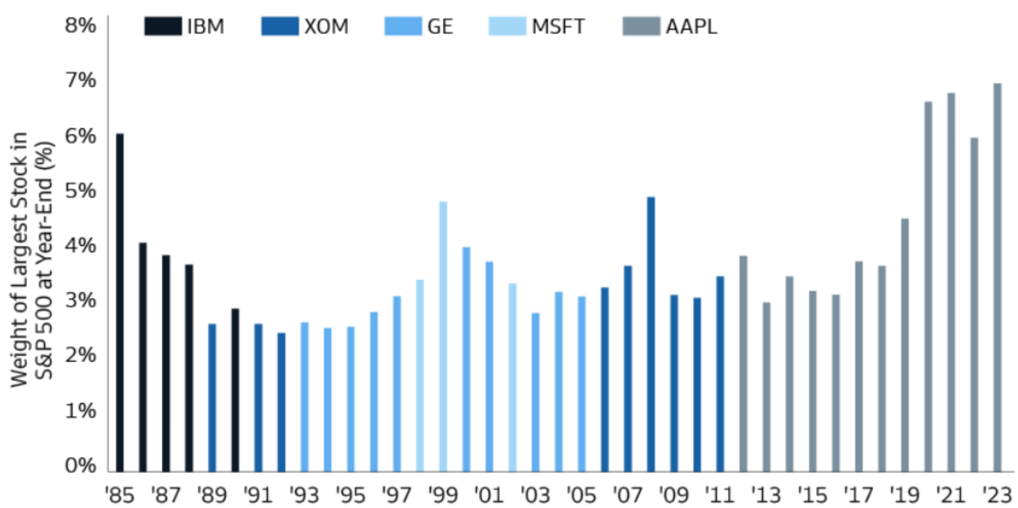
Month in Review

- Stock and bond markets extended their rally in December, capping off a strong fourth quarter with broad-based gains. Value stocks and US small cap stocks led equity markets higher during the month.
- Major US bond markets finished in positive territory, preventing what would have been a record-breaking third consecutive calendar year loss.
- The continued decline in inflationary data and increased likelihood of a rate cut by the Federal Reserve were key catalysts for markets during the month.

Narrow Market Leadership

The S&P 500 and growth stocks benefitted from continued strong results from technology companies during 2023. The outsized results of these companies pushed their valuations even higher, with Apple finishing the year as roughly 7% of the S&P 500's value. This is the largest single weighting in the last 30-years and follows three previous years where Apple represented at least 6% of the S&P 500's market capitalization. While Apple and six other companies were responsible for the lion's share of the US stock market's results in 2023, there are opportunities for broader participation as we head into 2024.



Source: FactSet and Goldman Sachs Asset Management. As of December 31, 2023.

What's on Deck for January?

- Earnings season starts, analysts expect S&P 500 companies to report the second straight quarter of earnings growth.
- The Federal Reserve meeting on January 31st, where it is expected to hold interest rates steady. Investors will be focused on commentary and projections regarding the timing of the first interest rate cut. Cooling inflation supports a less restrictive approach from the Federal Reserve.
- The US government is set to enter a phased shut-down on January 19th barring a new spending bill. Bipartisan negotiations are reported as active at time of writing.

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