

# Stocks Recover Despite Bumpy Start to 2024



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Major indexes pulled back in the first 3 sessions after closing 2023 strong as investors doubled down on stocks in response to expected rate cuts. The S&P 500 fell 1.7%, marking its worst start to a year since 2016. The Dow Jones Industrial Average declined 0.7%, and the Nasdaq composite followed suit, falling 3.3%.

The big tech stocks that carried the indexes' 2023 close began to fall, as Powell's pivot sowed seeds of uncertainty regarding when and how far interest rates may fall.

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Yet, in the last week the S&P 500 overcame notable declines in airline stocks and shares of companies dependent on discretionary spending to creep within 0.3% of a record high established over 2 years ago. Despite the benchmark index being within striking distance of its record, investors remain somewhat pessimistic, reflected by the fall in the 10-year Treasury note to 3.949% from 3.974% last Thursday, and 5% since October 2023.

Chief investment officer at First American Trust, Jerry Braakman, claims "our concern is with market valuations, especially right at record highs, when the economy is not as strong as it was." He fears the engine behind 2023's rally — big tech stocks — have become too expensive relative to their forecast profits.

Ultimately, the market's January performance is important as investors believe it will set the tone for the rest of the year.

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