

2024 in Review - RIA

2024 was an unbelievable year for the S&P 500 up 28% YTD. The index constituents' average and median returns are 15.7% and 11.8%, respectively. Altogether, this year's index returns dwarf the long-term average S&P 500 return of 7.9% since 1928.

The Finviz heatmap pictured below shows the 2024 returns of the stocks in the index. Breaking down the index return into its constituents reveals that the ten highest-weighted stocks contributed about 16.5% of the 28% YTD return. The five best-performing stocks were PLTR (+380%), VST (+276%), NVDA (+183%), GEV (+165%), and UAL (+145%). However, factoring in their index weights, NVDA was the only one of the top five performers to contribute to the index return materially. In 2024, there were 156 stocks in the index with negative returns. Within that group, the five worst-performing stocks were WBA (-62%), MRNA (-60%), INTC (-59%), CE (-55%), and DLTR (-48%). We expand on the 2024 market analysis in terms of sector and factor returns below.



What To Watch Today

Earnings

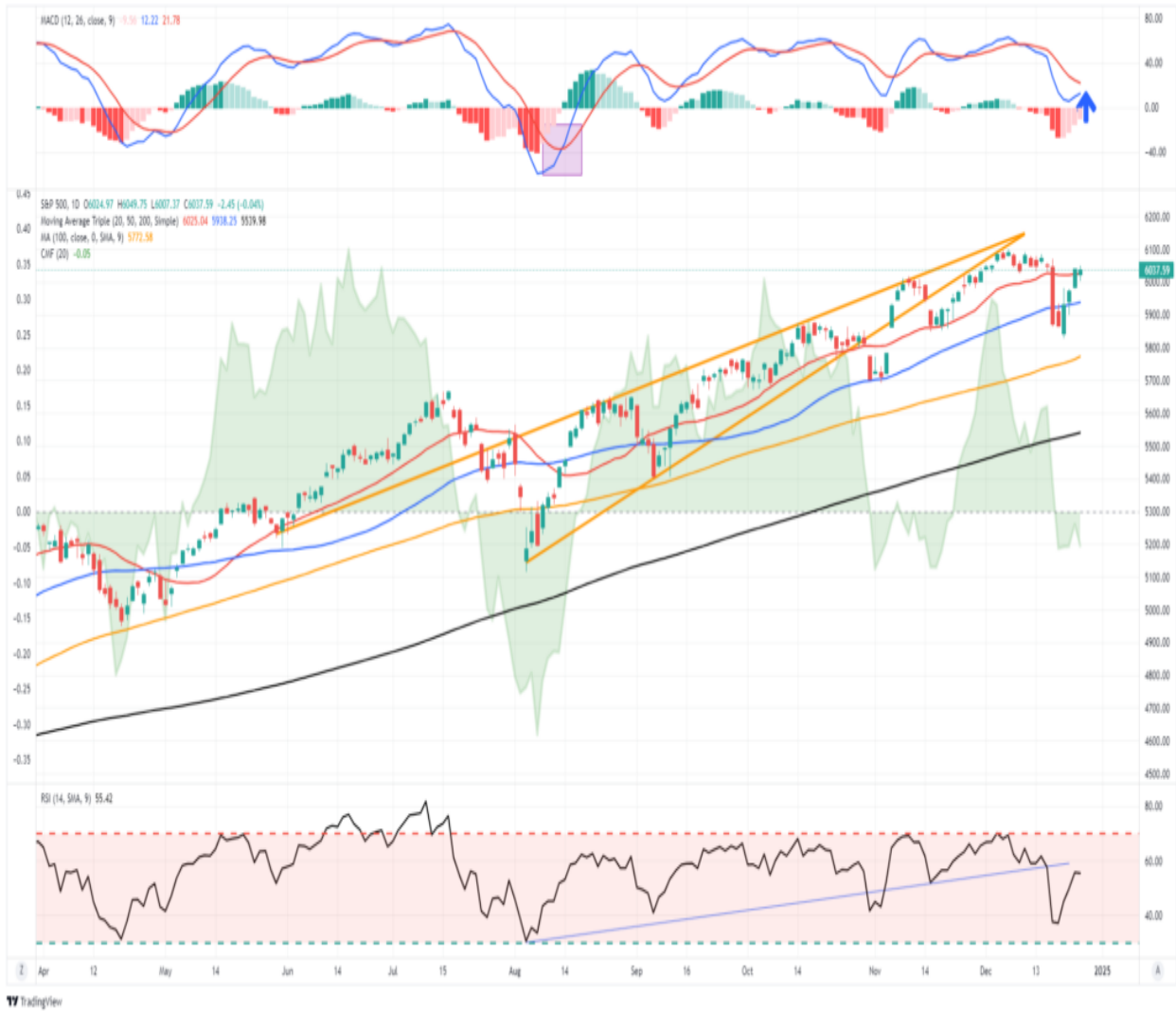
- *No notable earnings releases today.*

Economy

Friday December 27 2024			Actual	Previous	Consensus	Forecast	
07:30 AM	US	Goods Trade Balance Adv NOV		\$-99.08B	\$-100.7B	\$-94.0B	
07:30 AM	US	Retail Inventories Ex Autos MoM Adv NOV		0.1%		0%	
07:30 AM	US	Wholesale Inventories MoM Adv NOV		0.2%	0.2%	0.1%	

Market Trading Update

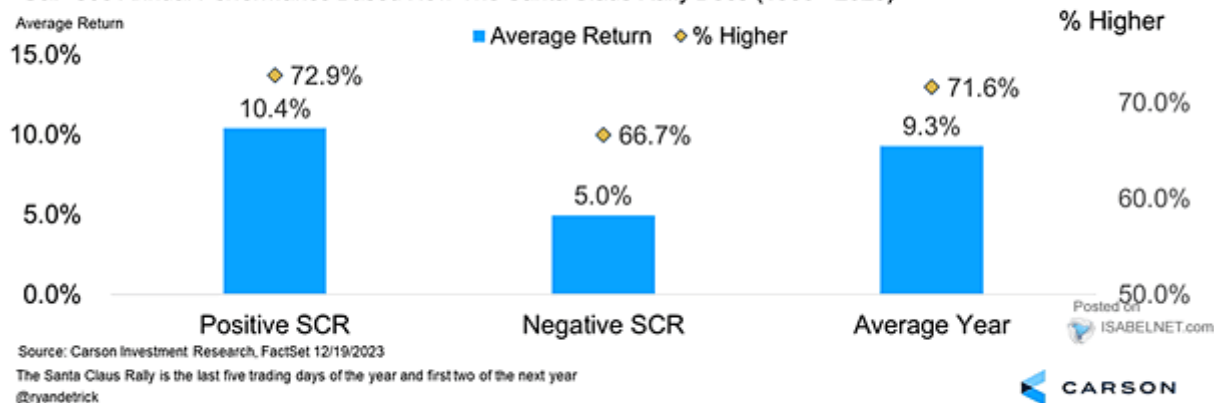
As [we noted yesterday](#), the traditional Santa Claus rally is underway. While yesterday's market rallied back from a weaker open, it did stall into the close, nearly breaking even for the day and holding support at the 20-DMA. With the MACD *sell signal* close to reversing, we will see if the market can muster some follow-through in today's session. With most of Wall Street still out on vacation this week, we will likely see *window dressing* in portfolios take hold on Monday and Tuesday as 2024 comes to a close.



The one thing to watch with this year's *Santa Rally* is that historically speaking, a positive return in 2024 suggests a positive market return in 2025. Going back to 1950, when the *Santa Rally* was positive, the following year was also positive 72.9% of the time, with an average annual return of 10.4%. While there is never any guarantee of outcomes, several Wall Street axioms are approaching that historically predict the outcome of the coming year. The *Santa Rally* is first, followed by the *First 5 Days Of January*, and then the month of January, culminating in *So Goes The Month, So Goes The Year*.

You Really Should Believe In Santa

S&P 500 Annual Performance Based How The Santa Claus Rally Does (1950 - 2023)



We will pay close attention to the outcomes, as they will set the tone early in the New Year.



Sector ETF and Factor Performance

To complete our review of 2024, we turn to the relative performance in the S&P 500 sector and risk factor ETFs. The first table below shows that only three of the ten sector ETFs outperformed the S&P 500 this year: communications, consumer discretionary, and financials. Given the prevalence and performance of large technology stocks in the index, it may be striking that the technology sector ETF underperformed. This is a result of the quasi-market-cap weighting schemes used by the ETF sponsors. The weights of the highest market-cap stocks are capped, and the difference is redistributed among the rest. The second table below shows that holding the S&P 500 technology sector stocks in a true market-cap-weighted fashion resulted in an outperformance of 13.2%.

Returning to the first table below, we see that the 2024 outperformance was concentrated in large-cap and mega-cap growth. Small-cap and mid-cap stocks suffered as monetary policy weighed on their performance, with value styles faring worse than growth. Meanwhile, the worst relative performance came from international stocks. One might expect some outperformance from small-cap and mid-cap stocks when rates begin to come down, given their underperformance in 2024. However, the degree of outperformance will likely depend on the driving force for falling rates. If rates begin falling due to recession fears, then the outperformance in small- and mid-cap stocks will likely be minimal, if any at all.

Relative Performance to SPY	
	YTD
NASDAQ 100	2.90%
Info Technology	-1.54%
Health Care	-24.35%
Financials	3.79%
Cons. Discretionary	4.62%
Industrials	-8.81%
Communications	9.98%
Staples	-16.22%
Energy	-25.55%
Utilities	-5.74%
Materials	-26.52%
Real Estate	-24.63%
Transportation	-22.22%

Relative Performance to SPY	
	YTD
Small Caps	-15.21%
Mid Cap 400	-13.06%
S&P 500	0.03%
Small Cap Value	-15.26%
Mid Cap Value	-16.50%
S&P 500 Value	-15.08%
Low Beta [Low Vol.]	-13.66%
High Dividend Yield	-10.96%
Buyback Achievers	-8.28%
Small Cap Growth	-8.21%
Mid Cap Growth	-9.83%
S&P 500 Growth	13.57%
Mega Cap Growth	11.01%
Momentum	9.02%
High Beta	-15.24%
Vanguard US Quality Factor	-13.57%
ARKK Disruptive Tech	-10.10%
Equal Weight S&P 500	-13.95%
Emerging Markets	-20.46%
Developed Markets	-26.21%
EAFE	-25.83%
Gold Miners	-15.54%

Sector	Relative Performance to SPY
Info Technology	13.2%
Health Care	-24.4%
Financials	4.1%
Cons. Discretionary	8.6%
Industrials	-8.7%
Communications	16.4%
Staples	-11.8%
Energy	-23.8%
Utilities	-3.6%
Materials	-26.6%
Real Estate	-22.7%

Understanding the Impact of Inflation on Your Retirement Savings

[Planning for retirement](#) is a lifelong process, but inflation can pose significant challenges to even the best-laid plans. Inflation slowly reduces the purchasing power of your savings, which can leave retirees struggling to afford the lifestyle they envisioned. Understanding the inflation impact on retirement and taking proactive steps to protect your retirement savings is critical to ensuring financial security in your golden years.

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Tweet of the Day



Lance Roberts ✓

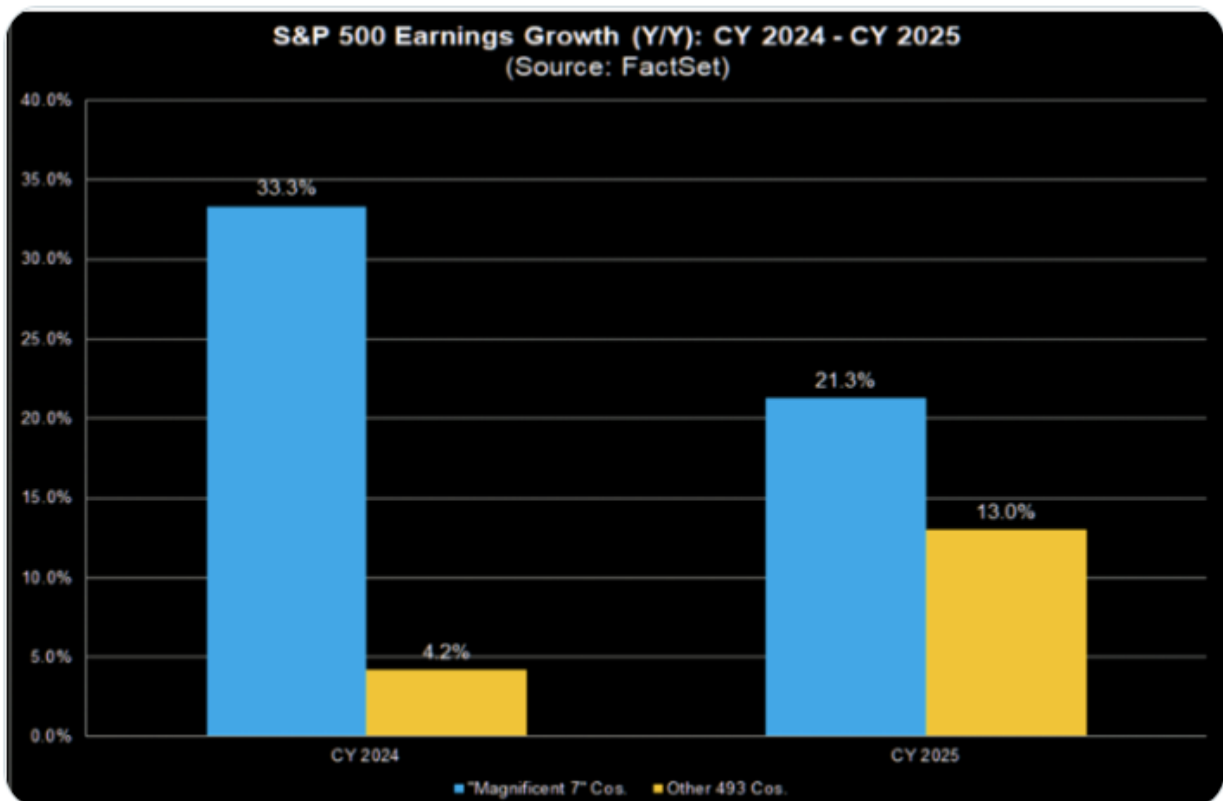
@LanceRoberts



I need your help with something.

Can someone provide a reason why **#Non-#Tech** earnings will accelerate in 2025, when they haven't grown over the past two years with very strong **#economic** growth. What dynamic is going to change that will spark an **#earnings** surge (with Mega-cap slowing) that did NOT exist previously?

Working on an article.



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