



# STRATEGIC CLIENT NEWSLETTER

## SECOND QUARTER 2024

<u>Market Performance</u> <i>www.bloomberg.com</i>		
<u>Dow Jones Industrial Average</u>	<u>S&amp;P 500</u>	<u>Nasdaq Composite</u>
This Quarter -1.73%	This Quarter +3.85%	This Quarter +8.15%
Year-to-Date +4.13%	Year-to-Date +15.07%	Year-to-Date +19.22%

*Indices are unmanaged and you cannot invest directly in an index*

### Black Diamond Client Portal

For those clients that might not be aware, when we moved over to Charles Schwab in June 2021, one of the technology platforms we started using is Black Diamond. With a single login, clients are able to access the following:

- A detailed look at holdings by investment account
- Monthly statements for all your accounts with CHB Investment Group, LLC
- Quarterly performance reports and newsletters are uploaded to your client portal with Black Diamond
- Client long term cash flow models, with account values and results updated daily
- An easy way for you to securely upload confidential documents for our office to view

If clients who aren't already signed up for Black Diamond would like to participate, please send an email to [chris.lindenthal@chbinvestmentgroup.com](mailto:chris.lindenthal@chbinvestmentgroup.com) to be setup with your login and client portal. Any questions can be directed by email or by calling the office at 215-862-6900.

## Stock Markets Show More Signs of Recovery

Stock market indices remain in positive territory in the first half of 2024, as inflationary pressure lessens. While the DJIA up +4.13% and the S&P 500 up +15.07%, the price to earnings ratio of the market reflects a slightly over-valued market. We continue to monitor market and economic activity and will reach out to clients if there is any need to make additional portfolio changes. As we move through the rest of 2024, earnings should continue improving and move valuations lower. We are seeing a slight transition from value to growth equities in 2024, which is indicative of recovering economies and stock markets.

The most recent economic data:

- In the first quarter of 2024, the nation's Gross Domestic Product (GDP) increased 1.3 percent. This followed an increase of 3.4% for the fourth quarter of 2023 (Source: [www.bea.gov](http://www.bea.gov)). Changes in GDP reflect increases in consumer spending and exports, offset by decreases in private inventory investments and residential fixed investment.
- The National unemployment rate for 2024 remains relatively low: January 2024: 3.7% February 2024: 3.9%; March 2024: 3.8%; April 2024: 3.9%; May 2024: 4.0 We expect the unemployment rate to remain relatively unchanged this year. (Source: [www.bls.gov](http://www.bls.gov))
- Nonfarm productivity increased in the first quarter of 2024 by .2%, with an annual increase of 2.9% from first quarter 2023 to the first quarter of 2024. (Source: [www.bls.gov](http://www.bls.gov))
- The Consumer Price Index (CPI), which measures changes in the price level (inflation) of consumer goods and services, increased .4% in March 2024, .3% in April 2024 and flat at 0.0% in May of 2024. (Source: [www.bls.gov](http://www.bls.gov))
- Personal Income percent changes from previous months for 2024 were +0.5% (March 2024), 0.3% (April 2024) (Source: [www.bea.gov](http://www.bea.gov))
- Corporate profits decreased in the first quarter of 2024 by \$21.1 billion, following an increase in the fourth quarter of 2023 of \$133.5 billion. (Source: [www.bea.gov](http://www.bea.gov))

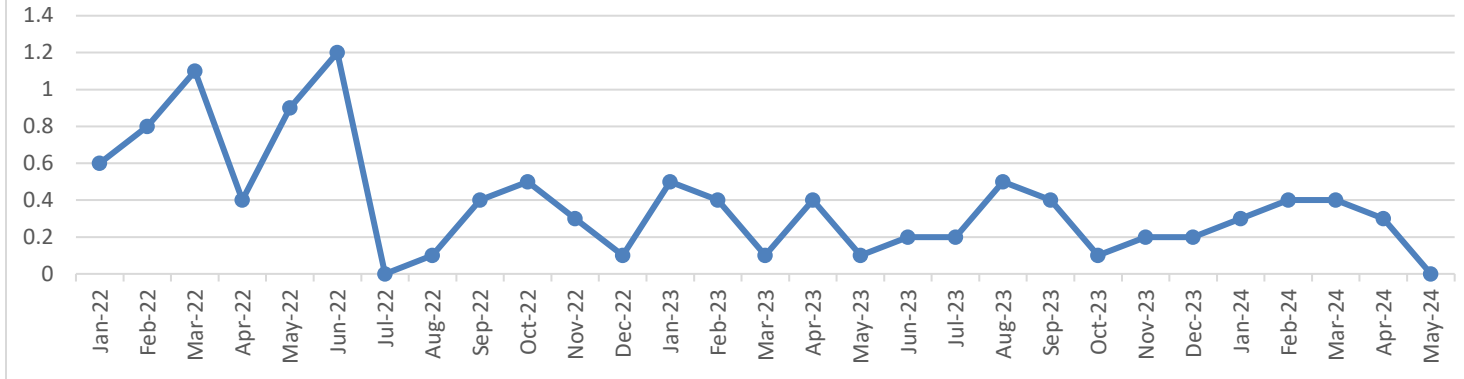
Investment and Insurance Products: NOT FDIC Insured / NO Bank Guarantee / MAY Lose Value

## On the Horizon: Fixed Income Recovery

We feel that the interest rate hikes that the Federal Reserve has implemented and maintained over the past two years have tempered rising inflation rates to the point that we believe we'll begin seeing decreasing inflation rates in the last half of 2024. The current fixed income market is poised for recovery once the Federal Reserve begins making these interest rate cuts, which we believe will be 1-2 times this year. Once interest rates begin to fall, we believe we'll begin to see additional market recovery in bonds which will continue into the first half of 2025.

## Consumer Price Index

Jan 2022 - May 2024



## Mid-Year Outlook

We are monitoring the following, which could cause some market volatility in the second half of this year:

1. **Stock Markets:** We expect the stock markets to continue to show gains for the remainder of 2024, although we believe we will see some minor volatility with the upcoming election.
2. **Bond Markets:** We feel the bond markets will recover once the Federal Reserve begins cutting interest rates. We feel the bond markets may outperform the broad equity markets for 2024.
3. **Inflation:** We expect inflation to decrease in the last half of the year.
4. **Interest Rates:** We believe the Federal Reserve will begin cutting interest rates, but there's the possibility of an additional interest rate hike in the second half of the year, depending on inflationary pressures.
5. **Election:** We believe the stock markets will have some expected, short-term volatility around the election period. We don't feel the election will have any dramatic impact on investment returns for 2024.

Please call our office with any questions or concerns regarding market activity and portfolio investments.

## CHB Investment Group Observations

- We believe stocks have entered slightly over-valued territory. We recommend a slight overweight in growth stocks as we see additional market recovery.
- We believe the Federal Reserve will potentially decrease rates 1-2 times this year. We have an overweight bias towards Treasury securities and inflation protected fixed income.

### **CHB Investment Group**

*A Limited Liability Corporation*

#### **Christopher H. Brashier**

*Managing Director*

[chb@chbinvestmentgroup.com](mailto:chb@chbinvestmentgroup.com)

#### **Debra T. Jones**

*Director of Client Services*

[debra.jones@chbinvestmentgroup.com](mailto:debra.jones@chbinvestmentgroup.com)

#### **Christopher Lindenthal**

*Director of Planning &*

*Investment Analysis*

[chris.lindenthal@chbinvestmentgroup.com](mailto:chris.lindenthal@chbinvestmentgroup.com)

*m*

31 North Main Street

New Hope, PA 18938

Phone: 215-862-6900

Fax: 215-862-5700

Toll Free: 855-862-6900

[www.chbinvestmentgroup.com](http://www.chbinvestmentgroup.com)

*Securities offered through Charles  
Schwab & Co., Inc. Member  
FINRA/SIPC*

- We have a **neutral bias** in residential and a **neutral bias** in corporate real estate, and we expect housing markets to be positively impacted once interest rates begin to decline.
- We have a **neutral** bias towards corporate debt, until we see interest rates begin to decline.

*This is provided for informational purposes only. We need to review your investment objectives, risk tolerance and liquidity needs before we introduce suitable managers/investment programs to you. All investing involves risk, including the possible loss of principal. Mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. There are special risks associated with an investment in real estate, including the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.*

## CHB Investment Group News

For clients still needing to sign up for online access to your Schwab accounts, please visit [www.schwaballiance.com](http://www.schwaballiance.com) and give our office a call so we can help facilitate the process.

- The Trenton Thunder is under way, and we have tickets available to clients for the 2024 season! The tickets are available on a first come, first serve basis, so please call our office if you're looking to enjoy a game with friends and family – in the front row!
- **We are seeing more and more scam and phishing attempts, with clients receiving more sophisticated e-mails, phone calls and text messages. If you suspect a scam or unauthorized attempt to access any of your account/personal information, please call our office immediately; do not click on any links, respond to any e-mails or call any provided phone number that you may be suspicious of.** We will continue to be diligent in the monitoring of client account activity and will always get either verbal or written authorization for any account activity.
- In the third quarter, we will reach out to clients who are still in need of fulfilling Required Minimum Distributions for 2024. Please call our office if you have any questions.

Past performance is no guarantee of future results.
Indices are unmanaged and you cannot invest directly in an index.
The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.
The Dow Jones Industrial Average is a price-weighted index of 30 "blue-chip" industrial U.S. stocks.
The NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies, listed on the NASDAQ Stock Market.
Generally, CDs may not be withdrawn prior to maturity. CDs are FDIC insured up to \$250,000 per depositor per insured depository institution for each account ownership category. CDs may be issued by out of state institutions.
Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The prices of small company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product clarification and competitive strengths to endure adverse economic conditions. There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.
Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.
Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Diversification does not guarantee profit or protect against loss in declining markets.
This newsletter is designed to provide accurate, authoritative information. CHB Investment Group, LLC is not engaged in rendering legal, accounting or tax advice. If legal, accounting, or tax assistance is required, the services of a competent professional should be sought. The hiring of a professional is an important decision and should not be based on advertising. Ask for written information stating qualifications, experience and Firm association before making a decision.
<b><i>You should be receiving statements at least quarterly from Charles Schwab &amp; Co., LLC. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by CHB Investment Group, LLC. If there are any questions or discrepancies, please contact us as soon as possible</i></b>