AMJ Financial Wealth Management
Weekly Market Commentary
January 29, 2024

The Markets

Even better than expected!

The United States economy is not performing the way anyone thought it would. Instead of tipping into a recession last year, it crushed expectations. Gross domestic product, which is the value of all goods and services produced in the country, expanded 2.5 percent, after inflation, for the year.

U.S. economic growth

1Q 2023:	2.2 percent
2Q 2023:	2.1 percent
3Q 2023:	4.9 percent
4Q 2023:	3.3 percent

It's interesting to note that the U.S. economy has been outperforming other developed countries' economies. For example, GDP for the Group of Seven (G7), which includes seven countries plus the European Union, has grown 4.7 percent, in total, since the fourth quarter of 2019 (prior to the pandemic). G7 GDP includes – and got a boost from – U.S. economic growth.

G7 economic growth
(October 2019 through September 2023)

U.S.:	7.4 percent
G7:	4.7 percent
Canada:	3.5 percent
EU:	3.4 percent
Italy:	3.3 percent
Japan:	2.4 percent
UK:	1.8 percent
France:	1.8 percent
Germany:	0.3 percent

Here's the really good news: Inflation continued to move lower while the economy grew last quarter. Last week, the personal consumption expenditures index reported that core inflation, which excludes food and energy prices, dropped from 3.2 percent to 2.9 percent. Headline inflation was 2.6 percent.

Last week, major U.S. stock indices finished higher. The yield on the benchmark 10-year U.S. Treasury finished the week in the same place it started.

Data as of 1/26/24	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.1%	2.5%	20.5%	8.3%	13.1%	10.6%
Dow Jones Global ex-U.S. Index	1.7	-1.6	2.3	-2.8	3.1	1.8
10-year Treasury Note (yield only)	4.2	N/A	3.5	1.0	2.7	2.8
Gold (per ounce)	-0.5	-2.9	4.5	2.8	9.2	4.8
Bloomberg Commodity Index	2.1	0.1	-12.1	7.1	4.3	-2.5

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

HERE'S ANOTHER TAX-ADVANTAGED WAY TO SAVE FOR RETIREMENT. Many people are looking for ways to save more for retirement. An option that is often overlooked is the health savings account, or HSA. While some eligible people are using these accounts for short-term savings, most are not taking advantage of the potential long-term benefits, according to Bank of America's 2023 Workplace Benefits Report.

Anyone who is enrolled in a qualifying high-deductible health plan (HDHP) can contribute to an HSA. It's an attractive option because these accounts offer a triple tax advantage.

1. Contributions are made with after-tax dollars.
2. Any investment earnings grow tax deferred.
3. Withdrawals taken for qualified medical expenses are tax-free.

This year, individuals can contribute up to $4,150 to an HSA, while families can contribute up to $8,300. Depending on the HSA, it may be possible to invest any money that is not used for current medical expenses.

For instance, imagine a 35-year-old saves about $2,000 in an HSA each year until retirement at age 65. They withdrew $500 a year to pay for healthcare, and invest the rest, earning 7 percent a year, on average. At retirement, the individual would have more than $150,000 in the account.

Best of all, after age 65, the money in an HSA can be withdrawn without penalty for any purpose at all. The caveat is that taxes may be owed on distributions taken for purposes unrelated to healthcare. In addition, the savings could be used to reimburse some Medicare premiums, as well as healthcare costs that are not covered by Medicare.

If you would like to learn more about HSAs, please get in touch.

Best regards,

Angela M. Bender

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

Sources:
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