



NORTHSTAR

FINANCIAL PARTNERS

January 2024

Another year, another wild ride for markets, inflation, and investor emotions. We saw a bank crisis, debt ceiling debate, a Chinese weather balloon, war in the Middle East, further escalation in Ukraine, the expulsion of a house speaker, Taylor Swift, and decreasing rates of inflation. However, here we are with markets doing remarkably well the past two months and potential rate decreases by the Federal Reserve in 2024.

Market Summary As of 12/31/2023

S&P 500:	4,769.83
Dow Ind.:	37,689.54
Nasdaq:	15,011.35
10 YR Treas.:	3.88

We are a far cry from the 9% plus inflation of 2022 at just over 3% inflation for 2023. If we leave it at “inflation is coming down” we miss a big part of the picture, the consumer sentiment. We meet with a lot of clients between our seven advisors and all of us are hearing from clients that budgets are not pushed to the edge but falling right over it. Everyday life is significantly more expensive than the past two years. When we say inflation is down, it’s just the rate of increase that has fallen. This is a good thing, but it still means higher prices overall and incomes just haven’t kept up. Consumers are using credit cards to keep up or cutting budgets anywhere they can, which will eventually lead to slower growth or worse.

The Federal Reserve is more than aware of the issues raised here. They are expected to lower rates in 2024, while trying to achieve a “soft landing” scenario. If we stick with that analogy, imagine the Fed cutting the engines (rate increases) the past 21 months to slow the economy and inflation and just as the plane starts to nosedive, they FIRE UP the engines (rate cuts) to pull out of it and hopefully land safely on the ground to refuel and get back to work. Can they pull it off? Time will tell and we will be watching the data closely. We are optimistic about markets in 2024 and the data suggests that if we have a recession, it won’t be until halfway through 2025. The bond market is showing signs of opportunity over the last several weeks and with rate cuts on the way there is plenty of opportunity/optimism.

We have had some wonderful things happen in 2023 at NorthStar: Giavanna joined in operations, Rick joined as an advisor in our Rochester office, Kirsten passed her Certified Financial Planner exam in November, and many client retirements! All of us at NorthStar are wishing you a very successful, healthy, and fulfilling 2024!

Looking for a new podcast in the new year? Check out this list of must listen podcasts for 2024:

<https://www.playpodcast.net/best-podcasts-to-listen-to/>

This is the time of year that we make New Year's resolutions and set goals and make plans for the coming year. Here is a helpful video:

<https://blog.ed.ted.com/2015/01/07/10-ted-ed-lessons-to-inspire-your-new-years-resolutions/>

Save the date for our Shredding Events in 2024:

Rochester Location will be on May 4th from 9-11am.

Mendota Heights Location will be on April 27th from 9-11am.

The NorthStar Team



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