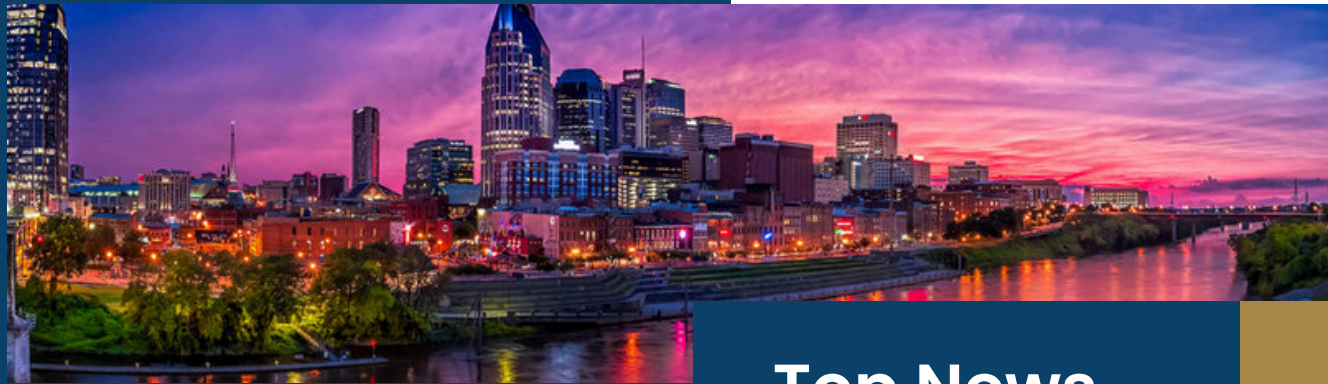


Q3 Market Update

Lighthouse Wealth Group
November 2024



Affiliated with Steward Partners



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We hope this message finds you well. As we concluded the third quarter of 2024 and are now into the final quarter of the year, we wanted to provide you with a comprehensive update on the stock market performance and key highlights relevant to your financial planning at Lighthouse Wealth Group.

U.S. Equity Markets

The U.S. stock market maintained its positive momentum in Q3 2024 and into Q4 since the election, with the S&P 500 rising by 5.9%, buoyed by a blend of corporate earnings resilience and optimism around the Federal Reserve ending its interest rate hikes. This marked a record high for the index by the end of September, signaling robust demand for blue-chip stocks despite economic headwinds.¹

The tech-heavy NASDAQ Composite index gained 2.8% in Q3, demonstrating resilience, though it underperformed compared to other indexes. Investors continued to be drawn to technology stocks, driven by rapid advancements in artificial intelligence and cloud infrastructure.³



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Economic Indicators

Inflation: The U.S. annual inflation rate registered at 2.4% for the 12 months ending in September 2024. This deceleration in inflation marked the smallest year-over-year increase since early 2021, suggesting that some of the Federal Reserve's tightening efforts are beginning to impact price stability. However, inflation remains above the Fed's 2% target, with notable price pressure persisting in energy and food sectors.⁴

GDP Growth: Real GDP growth was recorded at an annualized rate of 2.8% in Q3, just below the 3.0% in Q2. Despite robust consumer spending and strong labor markets, high borrowing costs began to dampen business investment, impacting growth. However, sustained consumer resilience continued to drive the economy forward, albeit at a slightly slower pace.⁶

Sector Performance

Technology: Advancements in AI and digital transformation contributed to steady gains in the technology sector. While tech companies benefit from long-term trends in digital adoption, high valuations and regulatory scrutiny have created a more cautious investment landscape.⁷

Healthcare: The healthcare sector displayed mixed performance, balancing stable earnings in pharmaceuticals with challenges in sectors reliant on discretionary spending.⁸

Energy: The energy sector was one of the strongest performers in Q3, benefiting from increased energy prices due to global production cuts. However, increased investment in renewables and shifting consumer preferences may pose long-term challenges.⁹

Financials: Banks and other financial institutions gained from increased net interest margins. However, firms exposed to consumer credit or housing finance faced pressure as high rates reduced mortgage demand.¹⁰

Federal Reserve Policy: The Federal Reserve maintained its position on interest rate policy, with officials hinting at potentially two to three interest rate cuts by the end of 2024. While higher rates generally discourage consumer and corporate borrowing, they bolster banks' net interest margins, benefiting financial stocks.⁵



As we head into the end of the year, our approach remains proactive yet balanced. We expect the economic backdrop to evolve, with potential shifts in Federal Reserve policy and geopolitical dynamics continuing to play a role in market behavior. With a balanced and diversified approach, we're well-positioned to manage risk while seizing strategic opportunities for growth.

At Lighthouse Wealth Group, we are committed to keeping you informed and providing guidance to help you navigate these market conditions. If you have any questions or need further details, please do not hesitate to reach out to us.

Best regards,

Tommy Doerfler CFP®, CEPA, CPA*

2550 Meridian Blvd Suite 200
Franklin, TN 37067
Main: 629.654.7190 Direct: 629.654.7192

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For index definitions [click here](#)

Sources

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