

# Q4 Market Update

Lighthouse Wealth Group



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Dear Clients,

As we conclude 2024, it's time to reflect on an extraordinary year in the financial markets. From breakthroughs in technology to evolving monetary policies and global market resilience, this year had it all. Here's an in-depth review of the fourth quarter, year-end performance, and insights into what 2025 may bring for your financial journey.

## U.S. Equity Markets

The final quarter of 2024 concluded with robust gains across major U.S. equity indices, capping off a strong year for the stock market. The S&P 500 achieved a 23% annual increase, marking its best two-year run since the 1990s. The NASDAQ Composite outperformed, rising 29% for the year, driven by significant advancements in technology and artificial intelligence sectors. The Dow Jones Industrial Average also posted a solid 13% gain, reflecting broad-based economic growth. Key drivers included easing inflationary pressures and the Federal Reserve's monetary policy shifts.



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## 2024: A Resilient Finale

The fourth quarter of 2024 underscored the resilience of the U.S. economy and financial markets. Despite lingering concerns earlier in the year about inflation and interest rates, robust corporate earnings and macroeconomic stability propelled markets to a strong close.<sup>1</sup>

- **S&P 500:** The index posted a 3.7% gain in Q4, bringing its total return for the year to 23.3%, one of its strongest annual performances since 2019.
- **Dow Jones Industrial Average:** The Dow gained 1.7% in Q4, culminating in a 13% annual return, driven by strength in healthcare and industrials.
- **Nasdaq Composite:** The Nasdaq surged 8.6% in Q4 and finished the year with a remarkable 28.6% gain, fueled by strong growth in AI, semiconductors, and cloud computing stocks.<sup>1</sup>

## Sector Winners and Laggards

- **Energy:** Renewable energy stocks surged by an average of 35%, reflecting government incentives and corporate adoption of green initiatives.<sup>8</sup>
- **Real Estate:** The sector faced headwinds due to higher mortgage rates, though REITs focusing on data centers achieved gains of 12% on average.<sup>3</sup>

## Global Markets

International markets showed resilience, with Japan's Nikkei 225 rising 19%, its best performance in over a decade. Emerging markets, particularly India and Southeast Asia, also posted gains, driven by favorable demographics and infrastructure investments.<sup>5</sup>

## The AI Boom

Artificial intelligence was the story of the year, with AI-driven technologies reshaping industries and driving substantial growth across tech stocks.<sup>3</sup>

### **Federal Reserve Policy and Inflation**

**The Federal Reserve maintained interest rates at 4.5% throughout 2024 after three interest rate cuts, signaling confidence in economic stability. Inflation moderated to 3.2% by year-end, a significant drop from its peak in mid-2022.**<sup>6</sup>



As we make our way through 2025, our approach remains proactive yet balanced considering the expected changes with administration. 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,

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For index definitions [click here](#)

# Sources

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