

## YEAR END OUTLOOK

As we approach the end of 2024, investors, businesses, and consumers alike are looking ahead to how the financial landscape will evolve in December. The month is historically one of the most dynamic for the global economy, with the year-end bringing both opportunities and challenges across various sectors. Here's an overview of the financial trends to watch for in December and what individuals and organizations can expect.



### **Stock Market Performance: Volatility Ahead**

December often marks a period of volatility in the stock market. While the month typically ends with a "Santa Claus Rally" – a surge in stock prices driven by festive optimism and institutional investing – there are several factors that could temper this seasonal boost.

The U.S. Federal Reserve's interest rate policy is one of the primary influences on stock performance this month. After a series of rate hikes throughout 2023 and 2024, markets are keenly awaiting any signals of a shift in monetary policy. If inflationary pressures subside as expected, there could be a reduction in the pace of rate hikes, providing some relief to growth stocks, particularly in the tech sector. Conversely, if inflation remains persistent, investors might continue to face headwinds from a hawkish central bank.

### **Inflation: Cooling, But Not Gone Yet**

Inflation has dominated financial headlines for much of 2024, and while signs indicate it's starting to ease, it remains above target in many regions. For consumers, this means that prices on everyday goods, such as food and energy, may still be elevated compared to pre-pandemic levels.

In the U.S., the Consumer Price Index (CPI) has shown gradual declines, with analysts predicting that inflation will hover around 3-4% by the end of the year. However, sectors such as housing, healthcare, and food may see slower reductions in prices, leading to persistent cost-of-living challenges.

For businesses, inflationary pressures on wages and input costs will still be a key concern. Some companies may need to make adjustments in their pricing strategies, while others will focus on improving operational efficiencies to maintain margins.

### **Holiday Spending: Retail Surge or Slowdown?**

December is, of course, synonymous with the holiday shopping season. The retail sector is gearing up for one of the busiest periods of the year, with a strong focus on online sales. E-commerce platforms, in particular, are expected to see significant gains, with consumers spending on gifts, home decor, and holiday essentials.

However, there are signs that the consumer landscape is shifting. Higher interest rates, combined with inflationary concerns, might lead some shoppers to curtail spending. Reports suggest that while Americans may be buying gifts, they are increasingly turning to discounts, opting for more affordable items, and using credit cards cautiously.

The luxury goods market, however, remains resilient, as affluent consumers continue to spend despite economic uncertainties. The travel and hospitality industries are also seeing a rebound, with increased bookings for holidays and vacations.

*"There's a certain magic that comes with the very first snow.  
For when the first snow is also a Christmas snow, well,  
something wonderful is bound to happen."*

*Frosty the Snowman*

# TIP OF THE MONTH:

## SETTING FINANCIAL GOALS FOR THE NEW YEAR

### **1. Start with a Financial Snapshot**

Before setting new goals, take a look at your current financial situation:

- Calculate your net worth: List your assets (savings, investments, property) and liabilities (debts, loans).
- Review spending habits: Check your bank statements to understand your cash flow.
- Check your credit score: A good credit score is vital for loans at favorable rates.

This gives you a baseline for measuring progress.

### **2. Make Your Goals Specific and Measurable**

Vague goals like "save more money" are hard to achieve. Make your goals clear and measurable:

- Save \$5,000 for an emergency fund: Set a specific dollar amount and timeline.
- Pay off \$2,000 in credit card debt by June: Break it down into monthly payments.
- Invest \$300 per month in a retirement account: Set a consistent target.

Specific goals are easier to track and achieve.

### **3. Break Large Goals into Smaller Milestones**

Large goals can feel overwhelming. Break them down into smaller, manageable milestones. For example, saving \$10,000 in a year becomes a monthly target of \$833. Smaller milestones make progress feel achievable and keep you motivated.

### **4. Prioritize Your Goals**

Focus on the most important goals first, such as building an emergency fund or paying off high-interest debt. Once those are met, shift focus to secondary goals, like saving for a vacation or a home down payment.

Consider organizing goals by timeframe: short-term, medium-term, and long-term. Prioritizing ensures that your most impactful goals are addressed first.

### **5. Automate Your Savings and Payments**

Automating savings and payments helps ensure consistency. Set up automatic transfers to your savings or retirement accounts, and automate bill payments for debts and expenses. Automation helps reduce the risk of forgetting or spending money you've earmarked for savings.

### **6. Set Realistic and Achievable Goals**

Set goals that are achievable based on your current financial situation. Aim for a target that stretches you without being unrealistic. If you're starting from scratch with savings, start small and increase contributions over time.

### **7. Track Your Progress Regularly**

Review your goals and track your progress monthly or quarterly. Adjust if needed, like increasing savings or cutting spending. Use apps or spreadsheets to track expenses and savings automatically, keeping you on target.

### **8. Stay Flexible and Adjust as Needed**

Life can throw unexpected expenses or changes in income your way. If this happens, adapt your goals instead of abandoning them. For example, pause non-essential savings if an emergency arises, and redirect funds to your emergency fund.

### **9. Celebrate Your Wins**

Achieving financial goals is an accomplishment. Celebrate milestones, whether paying off a debt or hitting a savings target. These celebrations motivate you to continue building good financial habits.

In summary, setting financial goals for the new year is key to taking control of your finances. By setting clear, realistic goals and tracking progress, you can make meaningful strides toward financial security. Stay focused and flexible, and celebrate your progress along the way.

## FINANCE 101: SIMPLIFYING THE COMPLEX

### TAX-LOSS HARVESTING

Tax-loss harvesting is a strategy where investors sell investments that have declined in value to offset capital gains taxes on profitable investments. By realizing a loss, they can reduce the amount of taxable income, lowering their overall tax liability. These losses can also be carried forward to future years to offset gains in subsequent periods. This approach helps minimize taxes while maintaining an overall investment strategy, but it's important to avoid "wash sales," where you buy the same or similar investment back too soon after selling it.