



Market Update | January 2024

## Market Momentum and Misdirection: What 2023 Taught Us

At the start of 2023, nearly every major economic forecast pointed toward a recession. But the economy defied expectations—posting strong growth, declining inflation, resilient consumer spending, and robust job gains. Stocks and bonds rebounded sharply, and corporate profits held steady. The consensus was wrong—and that unpredictability sets the tone for 2024.

## The 2024 Soft Landing: Hope Meets Caution

Today, the market's outlook has flipped. Investor sentiment now leans toward optimism, with many anticipating a “Goldilocks” scenario: inflation continues to cool, the Federal Reserve cuts interest rates, and both growth and spending remain stable. CAPTRUST agrees that a soft landing is the most favorable and likely outcome. However, history reminds us that widely held assumptions don't always pan out.

## Risk Factors on the Horizon

While confidence is high, several undercurrents could shift the trajectory:

**Federal Reserve Policy:** Market pricing already assumes multiple rate cuts in 2024. If the Fed delays or diverges from those expectations, markets may respond sharply.

**Consumer Pressure:** Credit card debt hit \$1 trillion, while interest rates are near record highs. A slowdown in spending could dampen growth.

**Political Uncertainty:** An especially polarized election season—and its potential fiscal impacts—may



inject volatility into the markets.

Geopolitical Tensions: Ongoing global conflicts could disrupt international trade and investment confidence.

## Managing Sentiment and Staying Balanced

Even when fundamentals are strong, overly high expectations can backfire. CAPTRUST emphasizes the importance of staying grounded—avoiding both complacency and fear. As Mike Vogelzang puts it, “It’s always better to be approximately right than precisely wrong.”

To download a copy of the transcript, [click here](#).

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