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THE DANA VIEWPOINT

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December 21, 2023

Dow: 37,404

## The 12 Predictions of 2024

Loosely modeled on the 12 days of Christmas.

### *The labor market will remain strong.*

- Job growth has been above trend post Covid, and we expect that to continue. The gap between job openings and hires should continue to close as a result of more participants reentering the labor market.

### *Real wage growth will accelerate.*

- This is partially a result of inflation continuing to fall. Real wage growth is the big engine for both consumer spending and confidence; this supports purchases of big ticket items, such as houses, cars, and vacations.

### *Household wealth will continue to grow at a healthy clip.*

- This is a result of growth in real wages, home prices, and the stock market. Lower mortgage rates will help support a combination of housing transactions, prices, and affordability.

### *Interest rates will continue to fall.*

- It seems as if bond buyers have moved from eternally pessimistic decades ago to eternally optimistic now. Longer bonds will lead the Fed to lower interest rates.

### *Inflation will be below 2% in 2024.*

- It's already close to flat for the most recent two months.

### *Private credit will be a problem.*

- We might be early on this call, but we believe a shakeout is coming. It is the darling asset class right now, but when people start selling, they are going to find a problem with both price discovery and liquidity.

### *FOMO*

- 5% money market returns with no risk sounded great this year, until market participants realized they were missing out on a +20% return in stocks. There is more room for cash to continue to flow into the market in 2024.

(CONTINUED ON REVERSE SIDE)

***You will hear less about Artificial Intelligence.***

- It was a 2023 thing. It will continue to be used in many new ways by companies large and small, but the details of how it works and how it will be used become esoteric relatively quickly.

***GLP-1 will be the AI of 2024.***

- The next big thing is weight loss drugs. These drugs will have far reaching effects on the entire health care system and beyond. They are not a cure for cancer, but they will be a factor in both the quality and longevity of the lives of many people.

***The stock market will broaden in 2024.***

- All trends reverse themselves eventually, and it has been a very narrow market in 2023 with some of the largest stocks being among the best performers in the S&P 500 index.

***The S&P 500 will gain more than 10% in 2024.***

- Many of the reasons are listed above; bull markets are typically multi-year events.

***Either Biden or Trump will not make it to the general election.***

- You pick, we are not wading into this debate during the Holiday season.

Everyone at Dana sends their best wishes for a healthy, happy, peaceful, and prosperous 2024.

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