



QUARTERLY MARKET REVIEW • RETROSPECTIVE

Fourth Quarter 2024

Stocks capped a second straight year of strong gains, while longer-term interest rates rose even as the Fed cut rates.

Data as of December 31, 2024 | Retrospective review prepared October 2026
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THE QUARTER AT A GLANCE

A second straight year of 20%-plus gains

+2.1%**S&P 500**

Price return for the quarter

+23.3%**S&P 500, FULL YEAR**Price return for 2024,
following a 24.2% gain in 2023**4.25%–4.50%****FED FUNDS TARGET**After a third straight cut on
Dec. 18**4.58%****10-YEAR TREASURY YIELD**Dec. 31 close, up from 3.81%
at the end of September**01****Swings around the election.**

Stocks rallied after the November elections as uncertainty about the outcome lifted.

02**Cuts, but higher rates.**

The Fed cut rates twice more, yet longer-term interest rates rose as investors worried inflation might stay elevated.

03**A cautious December.**

The Fed signaled fewer rate cuts in 2025 than expected, and stocks fell on the news before stabilizing.

U.S. STOCKS

Stocks capped a second straight year of strong gains

The S&P; 500 gained 2.1% in the fourth quarter, the Nasdaq rose 6.2%, and the Dow Jones Industrial Average edged up 0.5%. All three reached record highs during the quarter, and the S&P; 500 closed above 6,000 for the first time in November.

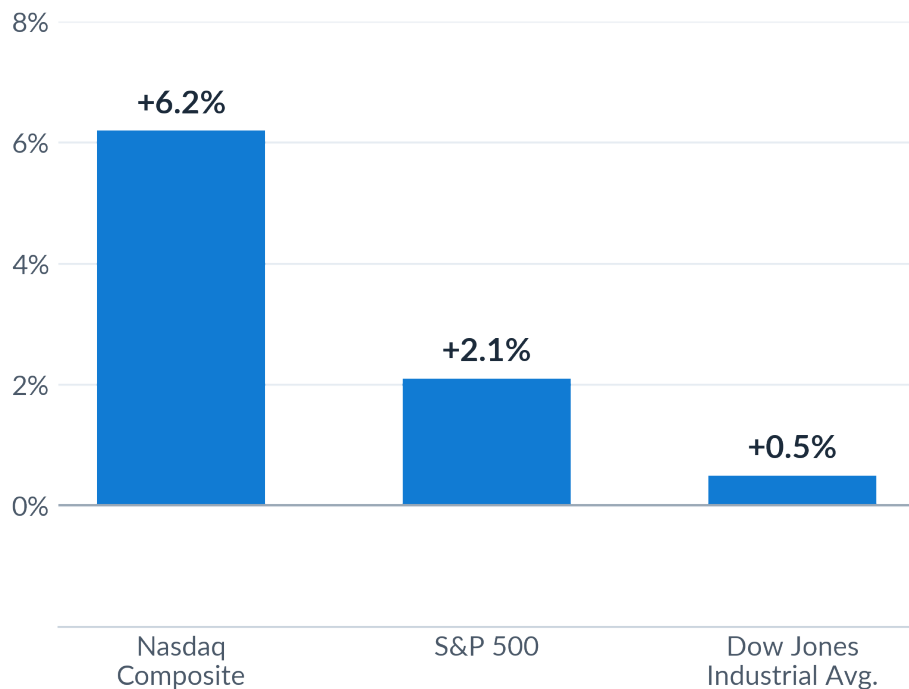
Stocks rose after the November elections as uncertainty lifted, then fell in mid-December when the Fed signaled it expected fewer rate cuts in 2025.

For the full year, the S&P; 500 gained 23.3%, the Nasdaq 28.6%, and the Dow 12.9%. Together with 2023, it was the S&P; 500's best two-year stretch since the late 1990s.

WHY IT MATTERS

Two strong years in a row can raise expectations. Returns like these are not the norm every year, which is why plans are built on long-term averages rather than recent results.

Fourth-quarter price returns, major U.S. indexes



Source: S&P Dow Jones Indices; Nasdaq. Price returns, September 30 to December 31, 2024. Indexes are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

INTEREST RATES AND THE FED

Longer-term rates rose even as the Fed cut

The Federal Reserve cut its benchmark rate by a quarter point in both November and December, ending 2024 at 4.25% to 4.50%, a full percentage point below its peak. In December, officials projected just two cuts in 2025, fewer than they had signaled in September.

Longer-term rates moved the other way. The 10-year Treasury yield rose from 3.81% at the end of September to 4.58% at year-end, as a strong economy, sticky inflation, and concerns about government borrowing kept upward pressure on yields.

Rising yields pushed bond prices down for the quarter, though bonds finished 2024 with a small gain.

WHY IT MATTERS

The Fed sets short-term rates, but longer-term rates are set by the market and reflect expectations for growth, inflation, and government borrowing. That is why the two do not always move together.

10-year U.S. Treasury yield, quarter-end closes



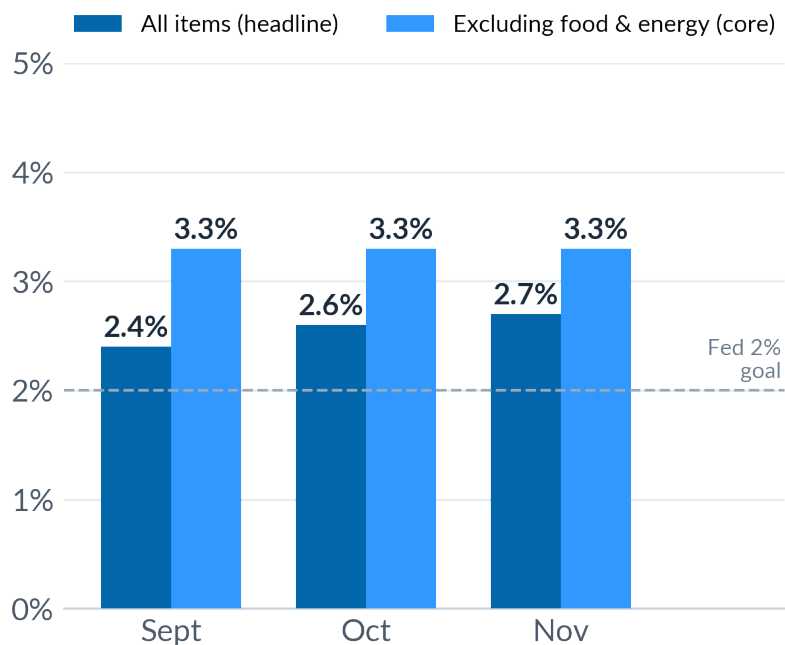
Source: Board of Governors of the Federal Reserve System, H.15 Selected Interest Rates; U.S. Department of the Treasury. Constant-maturity yields at each quarter-end.

INFLATION AND OIL

Inflation edged up after reaching its lowest level since 2021

Overall inflation was 2.7% in November, up from 2.4% in September, its lowest reading since early 2021. Core inflation, which leaves out food and energy, held at 3.3%, showing that the last stretch toward the Fed's 2% goal was proving difficult.

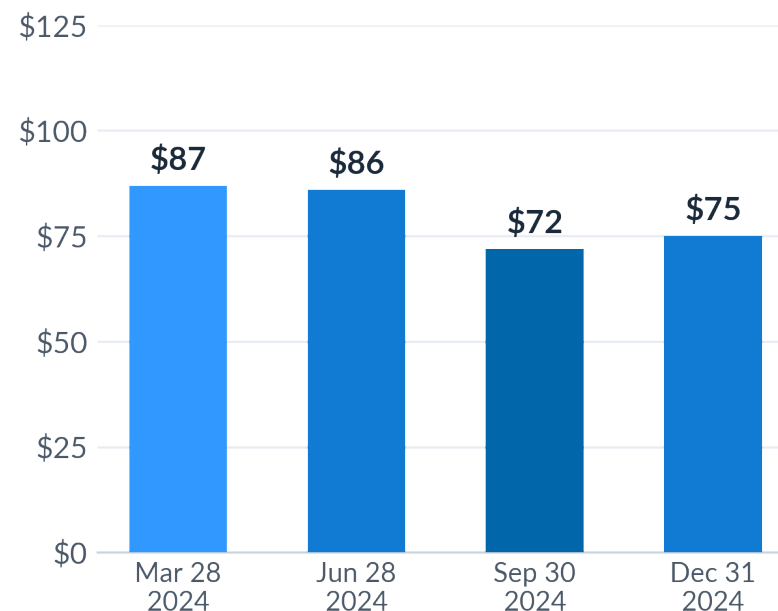
Consumer price inflation, year over year



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Oil prices were relatively calm over the quarter. Brent crude ended the year near \$75 a barrel, up slightly from about \$72 at the end of September, as plentiful global supply offset tensions in the Middle East.

Brent crude oil futures, dollars per barrel



Source: ICE Futures Europe, Brent front-month settlement prices at each quarter-end.

LOOKING BACK

What came next

Tariffs shook markets

In early April 2025, sweeping new tariff announcements triggered a sharp sell-off, with the S&P; 500 falling nearly 20% from its February high.

The Fed resumed cutting

After holding steady for most of 2025, the Fed cut rates three times from September through December, ending the year at 3.50%–3.75%.

A rapid recovery

Stocks recovered to new record highs by late June 2025.

Another positive year

The S&P; 500 gained about 16% in 2025.

KEEPING PERSPECTIVE

2023 and 2024 rewarded patient investors with two of the strongest back-to-back years in decades. The sharp but brief decline in the spring of 2025 showed how quickly conditions can change, and why a plan matters more than any single year's results. Past performance is not a guarantee of future results.

IMPORTANT INFORMATION

Definitions, sources, and disclosures

Definitions. The S&P 500 tracks 500 large U.S. companies. The Nasdaq Composite includes more than 3,000 stocks listed on the Nasdaq exchange and is weighted toward technology. The Dow Jones Industrial Average tracks 30 large U.S. companies. The 10-year Treasury yield is the annual return on a 10-year U.S. government bond held to maturity. The Consumer Price Index (CPI) measures changes in prices paid by urban consumers; core CPI excludes food and energy. Brent crude is the main global benchmark for oil prices. The federal funds rate is the Federal Reserve's benchmark short-term interest rate.

Sources. S&P Dow Jones Indices; Nasdaq; Board of Governors of the Federal Reserve System (FOMC statements, Summary of Economic Projections, H.15 Selected Interest Rates); U.S. Department of the Treasury; ICE Futures Europe; U.S. Bureau of Labor Statistics. Data as of December 31, 2024, unless otherwise noted. The "Looking back" page reflects data through December 2025.

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