

MARKET OFF TO A STRONG START IN 2023

In January, stocks rebounded after a challenging 2022. The S&P 500, an index of the 500 largest companies in America by market value, rose 6.3% last month. The technology-heavy NASDAQ Index increased 10.7% for the month—its strongest January in over 20 years.

In a reversal from last year, large growth stocks started the year strong and outperformed value-oriented larger companies. When comparing the two types of larger companies, for the month, the Russell 1000 Growth Index rose 8.3%, while the Russell 1000 Value Index increased by a more modest 5.2%.

It appears that investors have been gaining confidence that interest rate hikes could slow in 2023. After hiking interest rates seven times in 2022, the Fed raised rates by just 25 basis points on February 1, 2023, bringing the target fed funds rate range from 4.5% to 4.75%.

The Fed's rate hikes have had the effect of slowing inflation. In December 2022, the U.S. annual inflation rate slowed for a sixth straight month to 6.5%, the lowest since October of 2021. While food prices increased 0.3%, gasoline prices decreased 9.4% in December.¹

The labor market remains strong with the U.S. economy adding jobs at a solid clip which helped bring down the unemployment rate to a pre-pandemic low of 3.5%.² The resiliency in the labor market is boosting the economy and, thereby, sustaining consumer spending and sentiment.

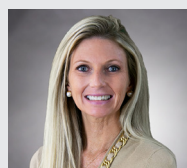
When investing for the long term, don't let short-term market swings deter you from building wealth. The sooner you can start consistently investing, the closer you can be to reaching your financial goals. Dollar cost averaging is



an effective long-term investment strategy that involves investing a set amount of money into your portfolio at regular intervals. This strategy can help you create a consistent investing schedule regardless of market conditions.

When utilizing dollar cost averaging, you create a systematic purchasing plan, setting up automatic, recurring deposits into your investment account. This strategy allows you to take advantage of market dips and build account balances over time. If you have any investment questions or would like help setting up a systematic purchasing plan, Jemma Financial is here to help.

That's our January update. We look forward to working with you in 2023.



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1) & 2) U.S. Bureau of Labor Statistics

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