CHARTER RESEARCH and INVESTMENT GROUP

~ Prevailing Winds ~

A Quarterly Market Update ***June 30, 2024***

Quarterly Recap:

In many respects, the second quarter was quite calm. There was no recession, no interest rate cuts, no economic shocks. Meanwhile, corporate earnings and economic barometers showed strength. Despite this, it was also a period of time of building unease and uncertainty. Suffice to say, there will likely be more evident change in the second half of the year. In the coming months, we will hopefully learn the outcome of the presidential election. The Federal Reserve will need to show its hand regarding interest rates. We should learn if inflation is coming down. The fireworks show is about to start.

Quarter Ending June 30, 2024

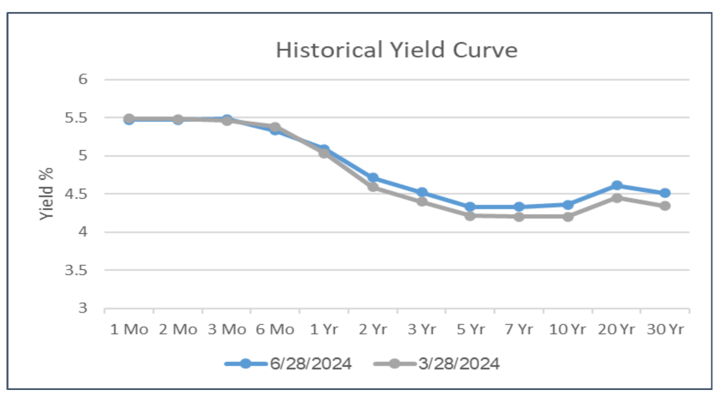
Equity Indexes	Close	% Change
DJIA	39118.86	-1.7%
S&P 500	5460.48	3.9%
NASDAQ	17732.60	8.3%
Treasuries	**Close**	**Change**
10-Year Yield	4.36%	0.16
2-Year Yield	4.71%	0.12

The Stock Market:

The good news is that many stocks advanced during the second quarter. The bad news is that many others declined while only a few "AI" stocks did extraordinarily well. Just when it seemed that the gap between the "haves" and the "have-nots" was closing, the gap widened at a frenetic pace. This has caused strategists to rapidly re-assess their viewpoints. Some believe that there are fundamental justifications for the divergence and predict more of the same. Others are shaking their heads, believing that markets are falling into the classic mistake of extrapolating recent trends into the future. No doubt, we are facing high stakes bingo moving forward!

The Bond Market:

The fixed income markets were far more subdued than in prior periods. Some time ago, the bond market was rocked by the notion that interest rates could potentially remain high for a protracted period of time. This was the oft quoted "higher for longer" mantra that many believed would lead to a recession. In time, the markets have become accustomed to higher interest rates. While many still expect a rate cut to come this year, it is clear that any policy shift will be more evolutionary rather than revolutionary. We are using this period of calm to slowly position portfolios for when the tide finally turns.



Looking Ahead:

As outlined, we are facing what could be the "calm before the storm". Is this the time to make drastic change, the answer is a definite- NO. Predicting what and when might happen in the coming months is not investing, it is speculation. It is always prudent to assess one's tolerance for risk and the current portfolio positioning. The result may be changes to either increase, maintain, or decrease the level of risk. The mantra is that one must always try to avoid making any shifts that are driven by short-term considerations.