

Second Quarter 2024 Market Review

Stocks paused their long-running rally in Second Quarter 2024, with most equity asset classes seeing slight declines for the period.

The notable exception to the downward trend was the S&P 500 index, which posted a gain for the quarter of 4.28% thanks to a rally in large growth stocks. In contrast, the Russell 2000 U.S. small cap index declined 3.28% in Second Quarter, while the Russell Micro Cap index fell 5.27%.

Foreign stocks finished the quarter mostly down as well, albeit only slightly. The MSCI EAFE index of large stocks in Europe, Australasia and the Far East declined 0.42%, while the MSCI EAFE Small Cap index fell 1.84%.

Alternative asset classes were a mixed bag during the quarter. The MSCI Emerging Markets index enjoyed a gain of 5.00%, while the Dow Jones U.S. REIT (real estate stock) index posted a slight decline of 0.16%. In contrast, the Dow Jones Global REIT index fell 5.53%.

Fixed income was little changed during Second Quarter. The Bloomberg US Govt/Credit Intermediate Term bond index gained 0.64%, while the Bloomberg Municipal bond index saw a slight 0.02% decline.

Despite the slight declines that many equity asset classes experienced in Second Quarter 2024, stocks have still enjoyed a robust rally dating back to last October. Predictably, some market pundits are already encouraging investors to “take some of their winnings off the table,” implying they think a more prolonged downturn is imminent.

We think the gambling metaphor is telling in that statement—because that is the exact mentality that many market-timers have. They view the stock market as a casino. And just like in Las Vegas, the gamblers in the market almost always turn out to be the big losers in the long run.