

The Magnificent Seven, the Climate Crisis, and Delta's Record Profits

January 20, 2025

- **A Dependable December** – The unemployment rate finished December 2024 at 4.1%, a 0.1% decrease from November 2024. Nonfarm payroll increased by 256,000 in December, primarily in the healthcare, government, social assistance, and retail trade sectors (source: U.S. Bureau of Labor Statistics).
- **Still Dominant** – All but one of the Magnificent Seven stocks beat the S&P 500 in 2024, which returned 23.31%. NVIDIA posted a 171.2% gain, followed by Meta Platforms at 65.42%, Tesla at 62.52%, Amazon at 44.39%, Apple at 30.07%, and Alphabet at 35.51%. Microsoft was the only stock to fall short of the S&P 500, with a 12.09% gain in 2024 (source: The Motley Fool).
- **Flying High** – Delta Air Lines announced its fourth quarter and full year 2024 financial results, citing \$5 billion of pre-tax income, \$8 billion of operating cash flow, and \$3.4 billion of free cash flow. Delta is also forecasting a first-quarter revenue growth of 7% to 9% (source: Delta).
- **Inching Insurance** – Small businesses (those with less than 50 workers) have seen medical care benefits that require employee contributions increase from 2014 to 2024. Monthly payments for single coverage plans increased from \$121.80 to \$170.92, while family coverage plans increased from \$519.78 to \$751.45 between March 2014 and March 2024. As a result, medical insurance participation rates dropped from 38% in 2014 to 33% in 2024 (source: U.S. Bureau of Labor Statistics).
- **Slumping Shots** – Moderna, an authorized COVID-19 manufacturer, cut its 2025 sales forecast by \$1 billion following weak demand for its COVID-19 and RSV vaccines. The company is in the process of getting FDA approval for a new influenza and COVID-19 combination vaccine (source: Reuters).
- **Shooting for the Stars** – Goldman Sachs plans to combine three groups in its global banking and markets unit under the new name of Capital Solutions Group. This announcement comes after Goldman Sachs revealed it looks to grow its influence in the private credit market (source: Yahoo Finance).
- **Legal Trouble** – Apple is fighting a \$1.8 billion lawsuit against United Kingdom iPhone and iPad users. The lawsuit alleges that Apple abused its dominant position by charging app developers a 30% commission through the App Store (source: Reuters).
- **Making Moves** – Johnson & Johnson, a multinational healthcare company, announced the acquisition of Intra-Cellular Therapies, a neurological drugmaker, for \$14.6 billion.

Johnson & Johnson will buy each share of Intra-Cellular Therapies for \$132, a 39% premium on the stock's January 10, 2025, close price (source: Reuters).

- **Warming Up** – 2024 was the warmest year on record across the globe, with a global surface temperature 2.32°F above the 20th-century average. The ten warmest years since 1850 have all occurred in the past decade (source: Climate.gov).
- **Weathering the Storms** – 2024 was the fourth-costliest year on record for natural disasters at \$182.7 billion, recording 27 events with at least \$1 billion in damages each. 2017 still holds the top slot with \$395.9 billion in estimated damages, followed by 2005 with \$268.5 billion and 2022 with \$183.6 billion (source: Climate.gov).

Definitions and Indexes

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