

Stock Market Performance in 2024

U.S. Market Overview

The year 2024 was a remarkably strong one for equities, with the U.S. stock market extending the robust gains seen in the prior year. The benchmark S&P 500 index delivered roughly a 25% total return for 2024 (around +23% in price terms)

- . This marked the second consecutive year of over 20% returns for the S&P 500 - a feat not observed since the late 1990s

- . The tech-heavy Nasdaq Composite outpaced the broader market, jumping nearly 29% for the year

- . In contrast, smaller-cap stocks had more modest performance: the S&P 500 Equal-Weight index and the Russell 2000 (small-cap benchmark) each rose about 10-11% in 2024

- . The disparity underscored that 2024's rally was not evenly distributed across the market. A key theme was the dominance of mega-cap technology stocks. A group of seven powerhouse companies often dubbed the "Magnificent 7" - Apple, Microsoft, Alphabet (Google), Amazon, Meta (Facebook), Nvidia, and Tesla - collectively surged by roughly 64-67% on average in 2024

- . These few firms contributed disproportionately to the S&P 500's gains. In fact, they accounted for over half of the index's return for the year (about 54% of S&P 500 performance)

- . By year's end, many of these leaders had reached record-high share prices amid investor enthusiasm for transformative technologies like artificial intelligence (AI). Meanwhile, more traditional and value-oriented sectors lagged behind, and many diversified portfolios trailed the S&P's 25% gain as a result

- . Overall, 2024's market climate was one of bullish sentiment driven by technology and growth stocks, albeit with narrow market breadth focused on the largest companies.

Major Tech Stock Performances

Apple Inc. (AAPL) - 2024 Performance

Apple's stock had an outstanding 2024, climbing approximately 36% over the course of the year . The iPhone maker's share price reached new all-time highs, ending the year around \$252 per share (up from about \$185 at the start of 2024). This rally lifted Apple's market capitalization to nearly \$4 trillion by year-end , reaffirming its status as the world's most valuable publicly traded company. Apple's gains were driven by solid demand for its products - the company saw successful launches of the iPhone 15 series and other hardware updates - as well as continued growth in high-margin services. The company also expanded its presence in emerging markets, fueling investor optimism about future growth. Despite only moderate earnings increases in 2024 (Apple's net income grew in the high single digits), the stock's rapid appreciation led to an expansion in valuation. By the end of 2024 Apple was trading at about 40 times its trailing earnings

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, well above its historical average P/E in the mid-20s. This elevated P/E ratio reflected substantial optimism from investors and a willingness to pay a premium for Apple's steady cash flows and ecosystem advantages. In short, Apple's combination of robust stock price growth and relatively modest earnings growth pushed its valuation to a lofty level going into 2025.

Alphabet (Google) (GOOGL) - 2024 Performance

Alphabet Inc., the parent of Google, also delivered strong results for shareholders in 2024. Alphabet's stock price rose by nearly 40% over the year , closing around \$189 per share - close to record highs for the company. This performance added roughly \$600 billion in market value, pushing Alphabet's market capitalization above \$2 trillion by December 2024. Key to this rally was Alphabet's core strength in digital advertising (still a major revenue driver) and its strides in artificial intelligence. The company demonstrated innovation in AI, including the introduction of its Gemini 2.0 AI model and breakthroughs in quantum computing chips , which reassured investors that Google "still has its mojo" in the evolving tech landscape. Google's cloud computing division also continued to grow, contributing to the overall positive sentiment

. Alphabet's financial results helped justify its stock gains. The company's revenues and earnings saw healthy growth in 2024, thanks to a rebound in ad spending and efficiency efforts. By year-end, Alphabet's valuation remained relatively reasonable compared to its peers - about 23x trailing earnings

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. This was roughly unchanged from its P/E a year prior, indicating that Alphabet's ~36% stock price increase was largely matched by an increase in its earnings over the same period. In summary, Google's parent company enjoyed a robust 2024 rally built on both improved fundamentals and investor excitement about its leadership in AI and technology innovation.

Amazon.com Inc. (AMZN) - 2024 Performance

Amazon's stock staged an impressive rebound in 2024, advancing roughly 48% for the year

. The e-commerce and cloud computing giant saw its share price rise from about \$152 at the end of 2023 to around \$219 by December 2024

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. This surge added on the order of \$600-700 billion to Amazon's market capitalization, bringing it back into the vicinity of \$1.7-\$1.8 trillion. Multiple factors drove Amazon's strong performance. On the retail side, demand remained solid - Amazon's online shopping volumes and Prime membership base continued to grow, even as consumers navigated a post-pandemic environment. Meanwhile, Amazon Web Services (AWS), the company's cloud division, maintained its leadership and high profitability in the cloud computing market, benefiting from the digital transformation and AI needs of businesses. These dual engines (e-commerce and cloud) reassured investors of Amazon's long-term growth trajectory. Crucially, Amazon's earnings improved significantly in 2024 after a slump in 2022-2023. Cost cutting and efficiency measures, along with revenue growth, led to a sharp rise in operating income. By the end of 2024, Amazon's trailing price-to-earnings ratio had declined to about 40

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- down from a very elevated ~52 P/E at the end of 2023 - reflecting the fact that earnings rose faster

than the stock price. Even at 40x earnings, Amazon's valuation was still on the higher side compared to the broader market, but investors seemed comfortable paying a premium for its dominant market positions. Overall, 2024 marked a return to form for Amazon's stock, as the company regained its footing with investors and recouped a substantial portion of the market value it had lost in the prior year.

Meta Platforms (Facebook) (META) - 2024 Performance

Meta Platforms, the parent company of Facebook, Instagram, and WhatsApp, was one of 2024's standout performers. Meta's stock price skyrocketed about 72% during the year, making it one of the best-performing large-cap stocks. The share price surged from roughly \$352 at the end of 2023 to around \$585 by December 2024

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. In the process, Meta's market capitalization climbed back above the \$1 trillion threshold - a remarkable turnaround after the company's challenges just two years prior. Several catalysts powered Meta's rally. The company's core advertising business recovered strongly, with 2024 advertising revenue reaching roughly \$160 billion, about 22% higher than the prior year

. Meta's focus on cost discipline and efficiency (following its "Year of Efficiency" initiatives) led to dramatically improved profitability: full-year earnings jumped approximately 60% year-over-year

. These better-than-expected results, combined with enthusiasm for Meta's investments in artificial intelligence (to improve content delivery and ad targeting), boosted investor confidence. By year's end, Meta's valuation remained quite reasonable despite the stock nearly doubling. Thanks to its surge in earnings, Meta's trailing P/E ratio was only in the mid-20s at the end of 2024

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- only slightly higher than its P/E a year prior and generally in line with the broader market. In other words, Meta's huge stock price increase was underpinned by equally impressive earnings growth, keeping its valuation multiples in check. This combination of value and growth made Meta an outlier among mega-cap tech stocks. The company did continue heavy spending on its metaverse and virtual reality initiatives (Reality Labs), but investors largely looked past those losses in 2024,