

What's Right With the World

Despite the prevalence of negative news and market volatility, underlying strengths across various sectors offer reasons for optimism about the future. As the world navigates uncertainties, steadfast commitment to investment goals and a discerning approach to market developments remain crucial for realizing long-term success. With wars in Ukraine and the Mideast, simmering U.S.-China tensions and a contentious U.S. presidential campaign underway, it is understandable that investors may be anxious. Yet positive trends across technology, health care and other areas are transforming lives and driving opportunity for companies and patient investors. One of our trusted sources, Capital Group, offered great insight into why we're feeling confident about the future which I've summarized below.



1. Strength of the U.S. Economy - Contrary to expectations of a looming recession, the U.S. economy displayed resilience in 2023. Elevated inflation rates and rising interest rates had investors bracing for economic downturn. Driving this economic resilience were several key factors. The American consumer sector continued to exhibit strength, with significant job additions and wage increases. In January alone, the economy added 353,000 jobs, while wages rose by 4.5% year over year.

2. AI Revolution - Artificial intelligence (AI) has emerged as a transformative force across various industries, promising significant gains in productivity and efficiency. Although initial enthusiasm often leads to overestimations of technology's short-term impact, AI's transformative potential is becoming increasingly tangible. Companies in sectors such as healthcare, financial services, and retail have begun harnessing AI to automate complex tasks, streamline workflow, and drive technological innovation. Healthcare, in particular, has witnessed notable AI adoption, with hospitals and medical providers leveraging AI to streamline administrative tasks and improve patient care.

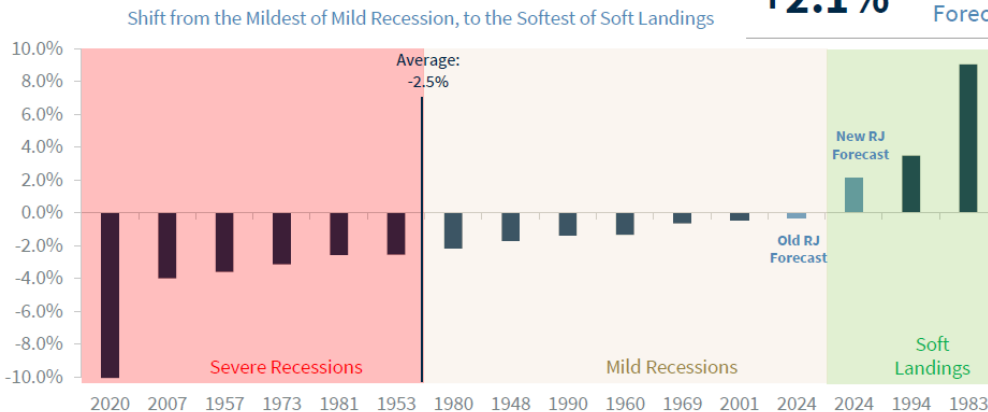
3. Market Expansion - While the stock market's impressive performance in 2023 was largely attributed to a handful of tech giants, broader economic improvements suggest a more inclusive market rally. The Magnificent Seven—comprising companies like Apple, Meta, and Microsoft—contributed significantly to market returns. However, analysis of returns over the past two years reveals that returns for the broader market were generally flat, indicating untapped potential across various sectors. A brighter economic outlook in the U.S. is fueling expectations of earnings growth across a wider spectrum of companies. While the Magnificent Seven rightfully earned their acclaim for pioneering innovations and driving economic value, similar innovators exist across markets and industries.

4. Emerging Markets Resilience - Recent years have witnessed significant disruptions in global trade, exacerbated by escalating tensions between the U.S. and China and the COVID-19 pandemic. However, far from signaling the demise of global trade, these challenges have spurred transformations in trade relationships and supply chain dynamics. Governments and companies are increasingly diversifying trade relationships, with regional partnerships emerging as viable alternatives to traditional global supply chains. Mexico, in particular, has emerged as a prominent trade partner for the U.S., offering advantages such as lower labor costs and logistical proximity.

SOFT LANDING IN FOCUS

A SMALL UPGRADE IN OUR ECONOMIC FORECAST

+2.1% 2024 US GDP Forecast



5. Ongoing Breakthroughs in Healthcare -

The healthcare sector is experiencing a renaissance in drug discovery, with pharmaceutical and biotechnology companies advancing therapies for a wide range of diseases. Notable advancements include treatments for obesity, diabetes, and cancer, underscoring the sector's potential to extend and enhance lives. Innovations in genetic sequencing have facilitated the development of gene and cell therapy cancer treatments, offering alternatives to traditional treatments like radiation therapy.

Source: FactSet, Data as of 3/31/2024. Bars represent peak to trough GDP decline during recession. Soft landing represents one-year growth rate following first Fed cut.

A FEW EXTRAS

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- **If you aren't using Raymond James Client Access, let us know and we can setup your online access. You can view portfolio information, statements, tax documents and more. Utilize the RJ Vault to store important documents.**

TECH CORNER

- **As a reminder, we cannot accept trade instruction through email. We must verbally confirm with you before placing any trades.**
- **Advisor to client texting is prohibited. If you text us, we cannot respond. Please call or email with your requests.**

What's on my horizon - Retirement



48 years ago I started a financial planning firm! After 4 years prior as a stock broker and in the life insurance business, I believed the concept of one advisor coordinating all financial activities of an individual was a better way to advise and coordinate a family's goals and objectives. Disjointed advice from the accountant, lawyer, life insurance professional and stockbroker created confusion and lacked concerted execution. Most of my client presentations started with what a financial planner was! The Certified Financial Planner designation was about 5 years old and I embraced this concept with all the energy I had! It's been a real joy to witness the acceptance of a CFP as a planning professional and to see the industry flourish!

It's also been a joy to see Barnes Pettey flourish and for clients to intrust us with their family goals and objectives, and allow us to help them manage their personal, corporate and retirement plan assets now exceeding over a billion dollars in value!

Another great blessing has been to work with such amazing partners, advisors and staff! Going to work has never been a dread with so many smart, joyful, and amazing people at the office! So much of my success is due to their efforts and may I say "our staff and partners have never been so dedicated and committed to serving the needs of clients!" While my plan is to step away from day-to-day, I'll still be consultive and available if needed and have my office space in our building!

Claire has supported me all the way. Working with Ryan and Brook has been something most Dads just imagine that I have been privileged to do! We are in Kauai celebrating 50 years together with all of my siblings. And that's a real blessing too!

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