

JADESPEAK

WINTER: First Quarter 2024

Goldman CEO says reasonable chance of U.S. recession in 2023

- Reuters, October 18, 2022

MARKET INSIDER

Why everyone thinks a recession is coming in 2023

- CNBC, December 23, 2022

Survey: The U.S. economy has a 64% chance of entering a recession this year

- Bankrate.com, January 4, 2023

It does not take too long for this market to go negative. It's already redigested Friday's news and decided that the Fed will tighten and create a recession no matter what.

Fed, economists make course correction on US recession predictions

- Reuters, August 16, 2023

- Tweet from Mad Money host Jim Cramer that was featured on Bitcoin.com, February 6, 2023



Contribution limits increasing

If you contribute to an IRA or a Roth IRA, you have an opportunity to put back more for retirement in 2024. Contribution limits are increasing by \$500. IRA and Roth IRA holders under the age of 50 can contribute a maximum of \$7,000 in 2024.

Age 50 or over? You can contribute up to \$8,000 this year.

Limits for SIMPLE IRA employee deferrals are increasing as well.

If you want to know more, just give us a call. Happy Saving!

PREPARE FOR LANDING

Well, 2023 has come and gone. My hope is you all had a wonderful year and I wish you a better 2024. I believe it has a nice ring to it!

As for our U.S. economy in 2023, it proved that our consumer spending was resilient. Many top experts and economists predicted the U.S. would fall into a recession in 2023. Fundamentally, it seems to make sense.

From the onset of the pandemic the government has printed and put into circulation nearly \$6 Trillion. This caused the inflationary period we are still experiencing. It also forced the Federal Reserve to aggressively raise interest rates to combat this inflation - the fastest hike in four decades.

In turn, we saw 30-year mortgage rates reach a high of 8.45 percent in October, which is the most expensive levels since 2000. As you can see, I am illustrating the domino effect. There are other data points as well; I just wanted to

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point out a few for example. The reason the Federal Reserve's "tool" of raising rates when inflation happens is to discourage consumer spending. This creates less demand - here go the dominoes again - which causes excess supply. When this happens, businesses lower prices and lay off workers because they no longer need to manufacture as many goods.

The Federal Reserve tries to achieve what is called a "soft landing." That means raise rates to slow the economy down and stop raising rates in time to avoid a recession. Since post-war they have only achieved four soft landings, versus eight hard landings (recession).

In the last Fed meeting in December, we saw the Federal Reserve say, dependent on new data, they feel they are done raising rates.

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Coming Up:

Monday, February 19

Presidents' Day
Markets will be closed.

Friday, March 29

Good Friday
Markets will be closed.

Monday, April 15

Tax Day

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Revisit your retirement plan, select your benefits, and finesse your spending this season using these timely investment tips

Fine tune your spending this winter

Organize for tax time: Prepare for smooth filing: By early February, you should have tax forms in hand. Make sure to organize them in a dedicated spot, as well as any receipts if you itemize. To ensure all is in order, talk to your advisor about coordinating with your tax professional.

Get set for 65: This is the age you become eligible for Medicare; a 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. Ask your advisor about healthcare planning resources that can guide you.

Become a benefits whiz: Research your



company's open enrollment schedule and decide if you need to make changes.

Fine-tune your health spending: If you participate in a flexible spending account (FSA) or health savings account (HSA), review contribution levels to take full advantage – without exceeding limits, which are adjusted regularly for inflation.

If you have an FSA, use available funds before your plan's use-it-or-lose-it deadline.

Finesse your bonus: Plan how you want to use your year-end bonus before it hits your checking account. Consider paying down high-interest debt, shoring up your emergency fund or increasing your 401(k) contribution.

Pay yourself first: If you haven't automated retirement contributions, start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.

Revisit an IRA: Pre-tax contributions to IRAs can reduce taxable income, and Roth IRAs might be the answer if you're above income thresholds to make a tax-deductible traditional IRA contribution.

LANDING

FROM FRONT PAGE

And with no recession yet, many feel they have achieved a soft landing. With this view the market believes the Federal Reserve will cut interest rates six times this year, totaling 1.5 percent.

Raymond James Chief Economist Eugenio Alemán, PhD, and Economist Giampiero Fuentes say this:

"Hopes of a soft landing and expectations of inflation hitting the 2 percent target faster than many had expected have pushed markets to believe that the Fed will cut rates several times in 2024, starting in the first quarter. We disagree with the markets because we believe that the Fed is more concerned about a potential reacceleration of inflation, especially if the U.S. economy can avoid a recession and it will be very careful in moving rates lower..."


"The economic outlook for 2024 should not be

the year of 'recession' but rather a year of 'sustained disinflation with weak economic growth.' In fact, according to our forecast, the upcoming recession would not only be very mild, with fewer job losses and declines in fixed investments, but also shorter in duration than the average recession. While we expect consumer spending to weaken, we expect government and nonresidential fixed investment to grow more and provide a cushion to the economic slowdown.

"The bottom line is that the U.S. economy has been cleared for landing, but in our opinion, it is unlikely to be as soft as many are predicting." (Published in Raymond James' latest *Investment Strategy Quarterly*, in article titled "2024 Economic Outlook: Prepare for Landing." Read the full publication at raymondjames.com.)

Only time will tell who is right. And, oh yeah! This is a Presidential election year. Buckle up, my friends.

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