

Monday January 29, 2024

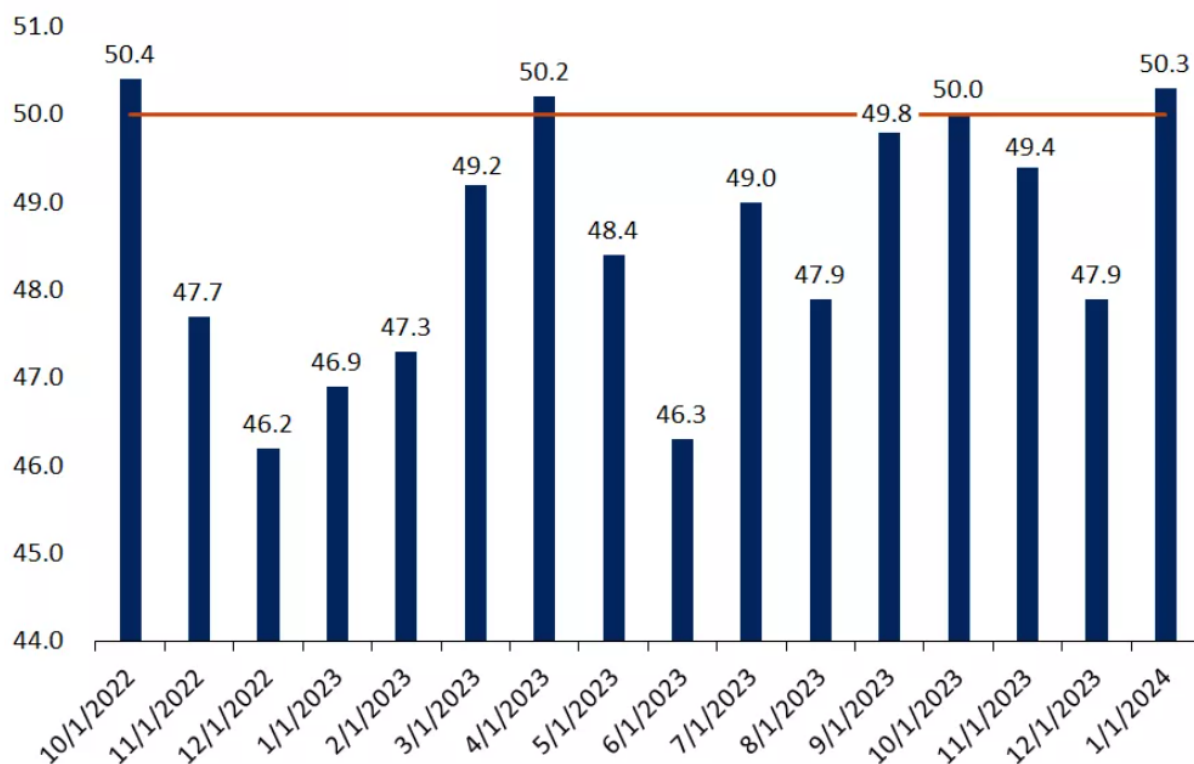
SUMMARY-

- I. Economic growth reports show momentum still intact.
- II. Markets add 1% while inflation data continues to ease.
- III. Eyes turn to Fed although not for a cut this week.
- IV. Important week for mega-cap tech earnings could set tone.

Good afternoon:

Two new reports were released last week that confirmed the economy's strength as we entered 2024. Equity averages gained about 1% in response to the better-than-expected growth figures. The Purchasing Managers Index (PMI), a measure of the prevailing direction of economic trends in manufacturing, came in above expectations at 50.3 in January, its highest reading since October 2022. After feeling the pressure of the Fed's aggressive rate hikes, this reading indicates that manufacturers may be starting to stabilize. Meanwhile, the services PMI continued to show strength while also beating expectations due to ongoing demand for travel, leisure, and hospitality sectors in the current post-pandemic environment.

Manufacturing PMI exceeds 50 for the first time in 9 months (U.S. S&P PMI - Manufacturing)

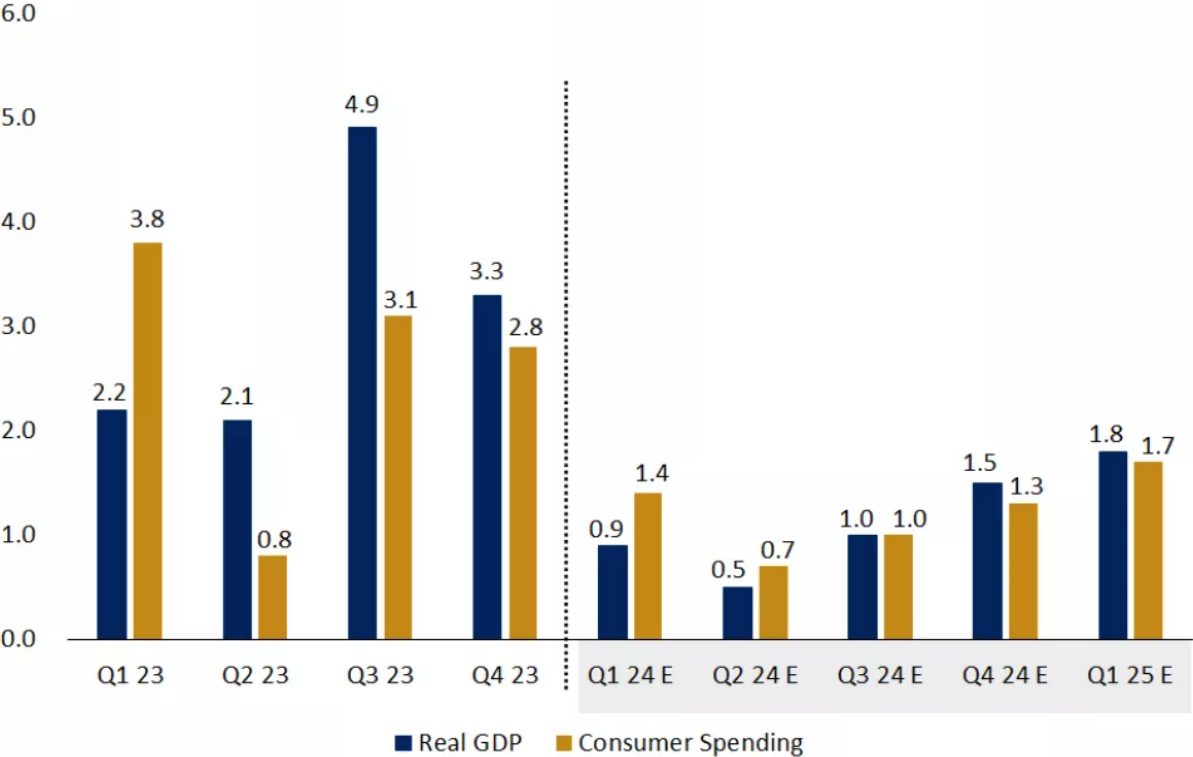


Source: Bloomberg, S&P Global U.S. Manufacturing PMI

In addition, fourth-quarter GDP was also reported last week at an annualized rate of 3.3%, well above the 2.0% growth expectations. As usual, consumer spending was the key driver as consumption maintained its resilience growing by 2.8%. This was the sixth consecutive quarter of GDP growth of more than 2.0% despite higher interest rates. However, the effect of monetary tightening including Fed rate hikes can often have a long lag. One of the keys to supporting strong consumer spending has been the tight labor market. Economists will be closely watching for any signs of softening in

employment and wage growth data in the coming months as a possible “canary in the coal mine” for slower GDP in the quarters ahead.

U.S. GDP and consumption expected to slow to below trend, before accelerating later in 2024
(QoQ% annualized)



Source: Bloomberg

With last week’s PCE (personal consumption expenditures) data coming in below expectations, the Fed seems on track to begin cutting rates this year as inflation continues trending towards their 2.0% target rate. At this Wednesday’s first FOMC meeting of 2024, rates are predicted to remain unchanged, but Chairman Powell’s accompanying statement may reveal important insight on their

upcoming plans. Markets currently expect the Fed's first rate cut in March but the number of cuts this year is still up for debate.

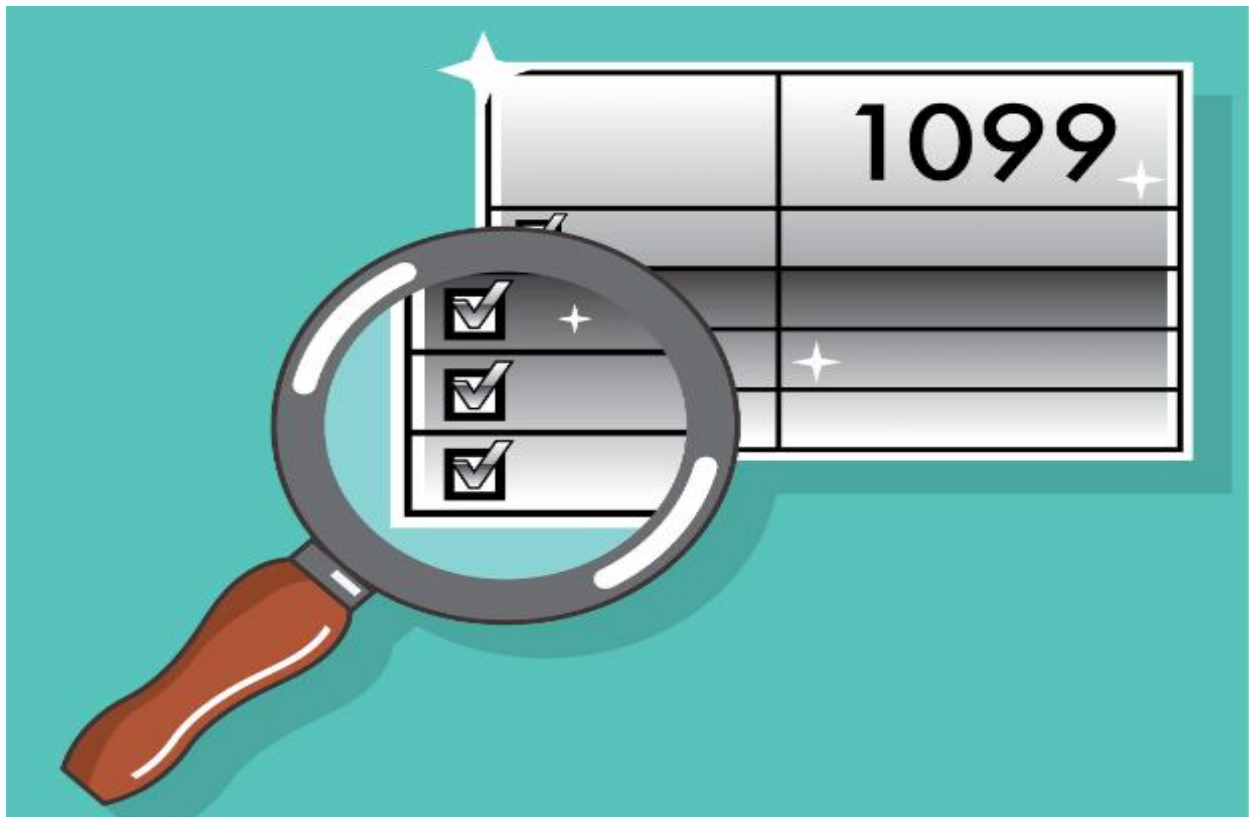
While most economic indicators point to a soft-landing and not a recession, market performance should continue to broaden out this year as lower interest rates benefit most businesses. This week will also focus on the earnings results of some of the market's largest tech companies that drove much of last year's index performance. The so-called Magnificent Seven still represent the largest companies in the market so their results could easily move major stock averages that are nearly all weighted to their components market capitalizations. Most of these companies will need to continue delivering strong earnings growth to justify their higher-than-average historical valuations compared to the numerous undervalued opportunities that still remain in other areas of the market.



As we approach tax reporting season, let us remind you again of the following Raymond James mailing dates:

- Retail Composite Forms 1099 will be mailed in three main groups – the first mailed by 2/15, the second mailed by 2/28, and the third mailed by 3/15 - depending on when we receive the information from securities issuers to finalize the Form.
- Forms for retirement (Forms 1099-R and 5498, if applicable) and education savings accounts (Form 1099-Q) will be mailed by 1/31.

All tax documents will also be available to download from the Client Access website as of its mailing date.



Have a great week!

Mark and Jeff

Mark S. Loftus, CFP®

Managing Partner & Founder, LPWP

Registered Principal, RJFS

CA Insurance License #0C83705

Jeffrey C. Preusser, CFP®

Senior Partner, LPWP

Registered Principal, RJFS

CA Insurance License #0E01600

O: 630.566.9200 // T: 844.890.8750 // F: 630.566.9292

1901 Butterfield Road, Suite 100, Downers Grove, IL 60515

www.loftus-preusser.com

Loftus & Preusser Wealth Partners is not a registered broker/dealer and is independent of Raymond James Financial Services. Securities offered through Raymond James Financial Services, Inc., Member FINRA/SIPC. Investment advisory services offered through Raymond James Financial Services Advisors, Inc.

DISCLAIMER:

If you no longer want to receive this Monday Outlook email, simply reply to this email with "REMOVE" or "OPT OUT" in the subject line and we will remove you from our email list.

Opinions expressed in this email are those of the author and are not necessarily those of Raymond James. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material nor is it a recommendation.

The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete.

All investments are subject to risk regardless of strategy selected. Individual investor's results will vary. Past performance does not guarantee future results. Forward looking data is subject to change at any time and there is no assurance that projections will be realized. Diversification and strategic asset allocation do not ensure a profit or protect against a loss.

S&P 500 Index is an unmanaged, market value-weighted index of 500 stocks generally representative of the broad stock market. An investment cannot be made directly in a market index.

Raymond James makes a market in AAPL, AMZN, GOOGL, META, MSFT, NVDA, AND TSLA. This is not a recommendation to purchase or sell the stocks of the companies mentioned.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Investing in small cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.

Market return and statistical data obtained from: https://am.jpmorgan.com/blob-gim/1383452890099/83456/weekly_market_recap.pdf?segment=AMERICAS_US_ADV&locale=en_US

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.

Every investor's situation is unique, and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation.

Bond prices and yields are subject to change based on market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. Holding bonds to term allows redemption at par value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise.

This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

Money market fund is a mutual fund investing in high quality, short-term debt instruments, cash, and cash equivalents. While not principal protected, they are considered extremely low risk on the investment spectrum. The money market fund generates income, but little capital appreciation. An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

Every type of investment, including mutual funds, involves risk. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

Certified Financial Planner Board of Standards, Inc. (CFP Board) owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and CFP® (with plaque design) in the United States, which it authorizes use of by individuals who successfully complete CFP Board's initial and ongoing certification requirements.

