

May Wealth Advisors Quarterly Quip



Welcome to our Seventh Edition!

Welcome to the seventh edition of our quarterly newsletter!

As your dedicated advisory team, we are committed to offering you not only valuable insights but also expert guidance on how to navigate and make the most of the dynamic market landscape. Our vigilant monitoring of the markets means that we'll promptly get in touch if any immediate action is needed. In the meantime, please don't hesitate to reach out for additional perspectives or guidance.

As we usher in the new year of 2024, reflecting on the past year unveils a tapestry of surprises. Initially anticipated to yield a modest 5% return, the S&P 500 Index defied expectations by soaring over 20%. Yet, beneath this remarkable surge lies a nuanced reality; the lion's share of this growth is attributed to the performance of just seven companies, illustrating a pronounced trend of narrow leadership within the market.

In the upcoming year, we anticipate a heightened level of volatility, driven by a myriad of global events including the highly anticipated U.S. Presidential election. In the previous year, the foremost external, outside of Raymond James, investment strategists globally forecasted favorable market returns. However, the divergence of opinions among the top financial strategists this year is striking. The two financial strategists who came closest to accuracy last year now present diametrically opposed viewpoints. A notable split emerges, with half foreseeing a positive market conclusion by year-end, while the remaining half anticipate a descent into negative territory. These contrasting perspectives are vividly depicted in the graphs below. This serves as a poignant reminder that despite the wealth of expertise and analysis at our disposal, predicting the market's trajectory remains an elusive endeavor.

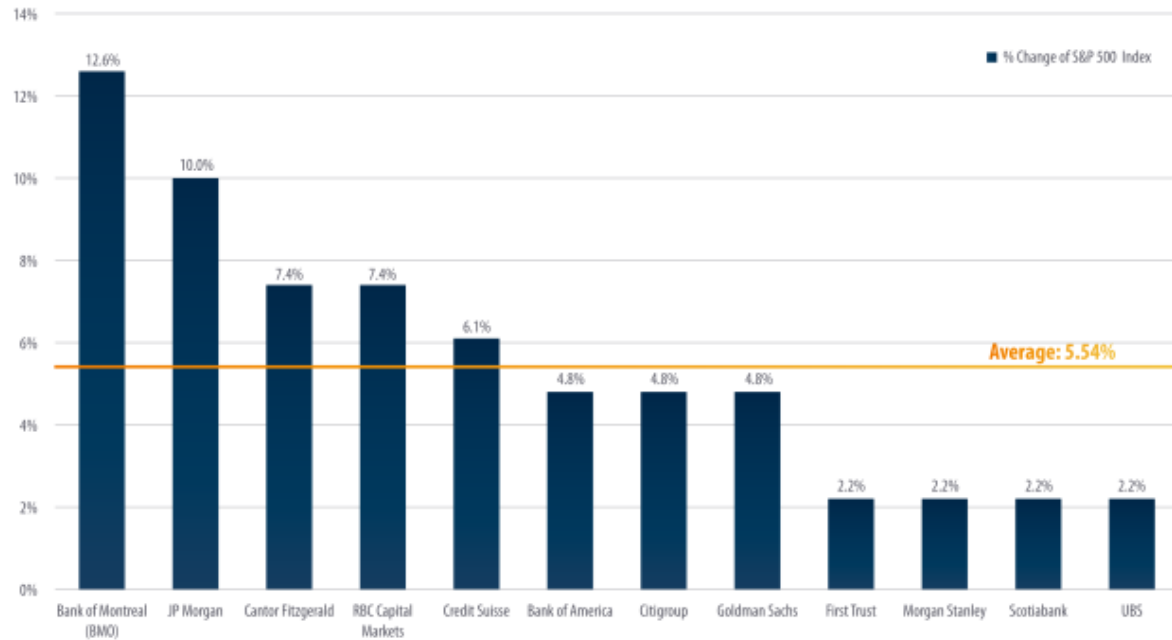
We've experienced 46 years of managing investments and will use our knowledge to navigate through these times.

As a reminder, we'd love to include your stories in this newsletter, so please don't hesitate to send them our way.

We greatly value our relationship with you and appreciate the trust you've placed in us.

– Ron, Taylor, Patrick, and Meg

S&P 500 Index: Strategists' 2023 Year-End Projections



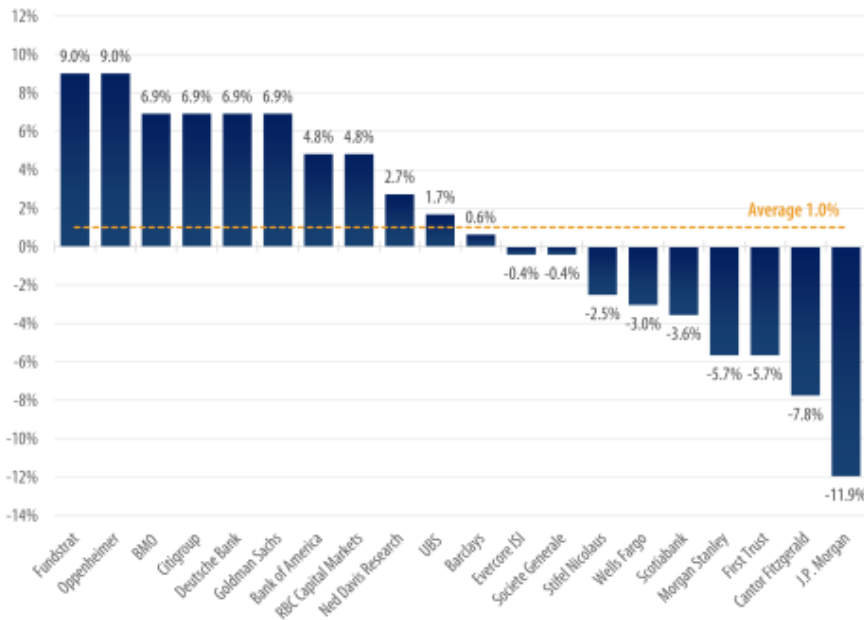
Source: Bloomberg and First Trust Advisors L.P. As of 12/19/22. Percent change is based on each institution's projection of the price return of the S&P 500 Index which is calculated based on the S&P 500 Index price level of 3817.66 at market close on 12/19/2022. This report is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

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Projected % Change of the S&P 500 Index



Firm	Projected 2024 Close
Fundstrat	5,200
Oppenheimer	5,200
BMO	5,100
Citigroup	5,100
Deutsche Bank	5,100
Goldman Sachs	5,100
Bank of America	5,000
RBC Capital Markets	5,000
Ned Davis Research	4,900
UBS	4,850
Barclays	4,800
Evercore ISI	4,750
Societe Generale	4,750
Stifel Nicolaus	4,650
Wells Fargo	4,625
Scotiabank	4,600
Morgan Stanley	4,500
First Trust	4,500
Cantor Fitzgerald	4,400
J.P. Morgan	4,200
Average:	4,816

Source: Bloomberg and First Trust Advisors L.P. Percent change is based on each institution's projection of the price return of the S&P 500 Index which is calculated based on the 2023 year-end S&P 500 Index price level of 4769.83 at market close on 12/29/2023. Projections as of 12/19/23 (most current available). This report is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security. The information presented is not intended to constitute an investment recommendation, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.

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New Port Richey Rotary Wild Game Dinner

In celebration of their 40th year, we were thrilled to attend and sponsor the New Port Richey Rotary's exclusive Wild Game Dinner – a stag-only affair that promises a unique experience. The event showcases a delectable array of wild game,

complemented by live and silent auctions, a thrilling 50/50 draw and enticing gun auctions. The profits from this event, are given back to the community to support many deserving organizations and nonprofits. Ron and Taylor are both club members and May Wealth Advisors is the proud Hospitality Sponsor.



Cindy's Pets Annual Strawberry Festival

Each year, Cindy's Pets, a 501(c)(3) that helps seniors feed their pets, hosts an unparalleled Strawberry Festival. This fun filled event includes loads of strawberries and delicious shortcake, vendors, fair food, raffles and an exciting dog show. The proceeds of this event go to help this wonderful organization and their mission. For more information on Cindy's Pets, you can click the link below. Ron and his Bernedoodle, Caddy attended the event and had a barking good time!

[More about Cindy's Pets](#)



Why is the Federal

Reserve still concerned with inflation?

Chief Economist Eugenio J Aleman discusses current economic conditions.

[Read More](#)



Trim your future tax bill by thinking ahead

Don't procrastinate when it comes to prepping for tax season.

[Read More](#)



Patrick Runs the Skyway 10k!

Once a year 8,000 runners have the opportunity to race 6.2 miles across three beautiful counties 200 feet above Tampa Bay. 100% of all race proceeds go to support the Armed Forces Families Foundation, raising more than \$2.6 million to date.



RAYMOND JAMES

Shred me, *shred me not*

Which documents to keep and which to toss (safely!)

With tax season looming, many people can picture a room full of the not-too-distant past: box after heavy box of documents and receipts collecting dust for eternity. Today we can scan and shred records to our hearts' desire, but questions remain.

Should all records now be digitized? Should some be shredded? Are some better intact? And when should the shredding commence? If confusion is setting in, fear not. Here are some simple tips that could make this year's post-tax routine a little lighter.



Shred immediately

- Sales receipts (unless related to warranties, leases or financing)
- Canceled checks (unless tax-related)
- ATM receipts
- Paid credit card and utility bills
- Credit offers
- Expired warranties

- Pay stubs
- Bank statements
- Paid, unopened medical bills



Shred after one year



Shred after seven years

- Tax-related receipts
- Tax-related canceled checks
- 1099s
- Tax deduction records

- Vehicle titles (for as long as you keep the car)
- Home deeds (for as long as you live there)
- Pay stubs (until checked against your W-2)
- Disputed medical bills (until resolved)
- Home improvement receipts (until you've sold and paid any capital gains taxes)



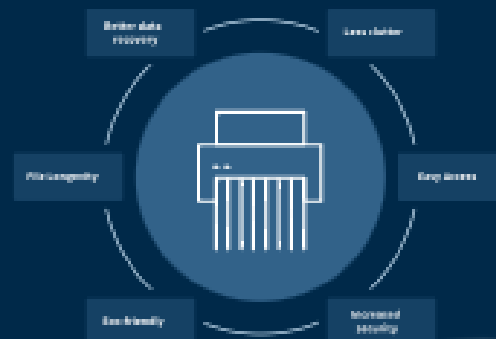
Keep while useful



Keep for life

- Birth certificates or adoption papers
- Social Security cards
- Citizenship papers
- Passports
- Marriage or divorce decrees
- Family death certificates
- Tax returns (even if these are not paper on file, it's still advised to hold on to the digital files)

Benefits of going paperless



How to virtually store documents

Digitizing wisely requires more than just scanning and organizing, especially when it comes to tax-related data. Secure storage and solutions, like FileJoy, can locate, preserve long-term privacy and offer confidence that your files are protected. There are also highly-rated mobile apps, such as Adobe Scan, ABBYY FineReader PDF, CamScanner and more. Find what suits you and let the privacy party begin.

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How does the SECURE Act 2.0 change saving for retirement?

Washington Policy Analyst Ed Mills outlines key components of the new legislation.

[Read More](#)

This week's edition of "Three on Thursday" looks at where short-term interest rates in the U.S. could be heading in 2024. Inflation has continued to trend down, while unemployment has remained low and the economy has continued to grow, meaning rate hikes are a thing of the past. Chairman Powell, in the January U.S. Federal Reserve (Fed) press conference, mentioned that the incoming data aligns with the Fed's criteria to initiate rate cuts. However, the Fed remains cautious, desiring an extended period of lower inflation to bolster confidence in achieving their 2% inflation target. With Chairman Powell all but ruling out a March rate cut, attention now shifts to when the Fed will commence cuts and how many cuts will unfold throughout the year. There exists a significant gap between the market's expectations and the Fed's projections for the number of cuts. To gain a little more context, we present the three tables and charts below.

FOMC Participants' Economic Projections (%)

	Median		Central Tendency*		Range**	
	2024	2025	2024	2025	2024	2025
Change in real GDP	1.4	1.8	1.2–1.7	1.5–2.0	0.8–2.5	1.4–2.5
Unemployment rate	4.1	4.1	4.0–4.2	4.0–4.2	3.9–4.5	3.8–4.7
PCE inflation	2.4	2.1	2.2–2.5	2.0–2.2	2.1–2.7	2.0–2.5
Core PCE inflation	2.4	2.2	2.4–2.7	2.0–2.2	2.3–3.0	2.0–2.6

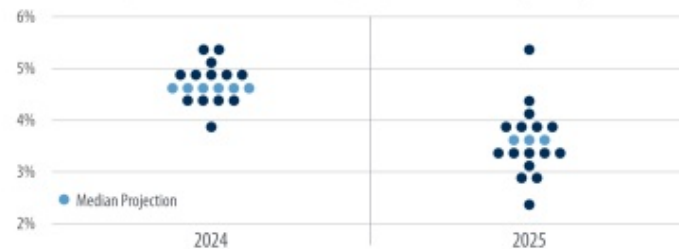
Source: Federal Reserve, First Trust Advisors. Estimates as of 12/13/23.

*The central tendency excludes the three highest and three lowest projections for each variable in each year.

**The range for a variable in a given year includes all participants' projections for that variable, from lowest to highest.

The Federal Open Market Committee (FOMC) convenes at eight scheduled meetings annually. During four of these meetings (March, June, September, and December), they release their Summary of Economic Projections (SEP). In this report, participants submit their projections for real GDP growth, unemployment, and inflation. The latest available SEP, from the December 2023 meeting, indicates a median forecast for real GDP growth at 1.4% for Q4 2023 to Q4 2024. Both "core" Personal Consumption Expenditures (PCE) inflation (excluding food and energy) and overall PCE inflation are projected to be 2.4% over the same period. Unemployment is expected to average 4.1% in the fourth quarter of 2024. These forecasts collectively suggest sustained growth with a trend towards lower inflation.

FOMC Participants' Assessments of Appropriate Monetary Policy: "Dot Plot"



Source: Federal Reserve, First Trust Advisors. Estimates represent midpoint of target range or target level for the Fed Funds rate. Estimates as of 12/13/23.

Additionally, within the SEP, FOMC participants evaluate their expectations for the appropriate monetary policy in the upcoming year, outlining where they anticipate the Fed Funds rate to conclude each year. Based on the most recent data available as of the December meeting, the median forecast suggests three rate cuts by the end of 2024. This would bring the Fed Funds rate down to a range of 4.5% to 4.75% from its current range of 5.25% to 5.50%. Projections for year-end vary, ranging from two participants foreseeing no change in rates in 2024 to one participant anticipating a substantial six rate cuts.

Market Implied Probabilities for Federal Funds

FOMC Meeting Dates	Federal Funds Range (bps)								Implied Meeting Outcome
	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	
3/20/2024	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.50%	83.50%	Stay
5/1/2024	0.00%	0.00%	0.00%	0.00%	0.00%	9.60%	55.40%	35.10%	Cut
6/12/2024	0.00%	0.00%	0.00%	0.00%	8.20%	48.60%	38.10%	5.20%	Cut
7/31/2024	0.00%	0.00%	0.00%	6.90%	42.40%	39.70%	10.20%	0.80%	Cut
9/18/2024	0.00%	0.00%	6.20%	38.90%	39.90%	13.10%	1.70%	0.10%	Stay
11/7/2024	0.00%	3.80%	26.10%	39.50%	23.60%	6.20%	0.70%	0.00%	Cut
12/18/2024	2.60%	19.20%	35.40%	28.60%	11.60%	2.40%	0.20%	0.00%	Cut

Source: CME Group, First Trust Advisors. Probabilities implied by 30-Day Fed Funds futures pricing data. Estimates as 2/8/24. Orange highlighted cell represents projected Federal Funds Rate at that meeting date

There is no guarantee that past trends will continue, or projections will be realized.

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In our view, the FOMC's median projection of three rate cuts in 2024 aligns with their overall economic outlook, indicating a trajectory toward a soft landing without a recession. However, the market has also embraced this soft-landing scenario, but anticipates five rate cuts this year. Notably, just before Chairman Powell's press conference last week, the market anticipated six cuts with the first starting in March. Current expectations point to the first rate cut in May. If the economy remains healthy and keeps growing, it is very hard to imagine the Fed cutting short-term interest rates by the 125 basis points the market expects. We believe the Fed will cut interest rates six times this year, but due to a (mild) recession while inflation continues to decline.

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The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

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