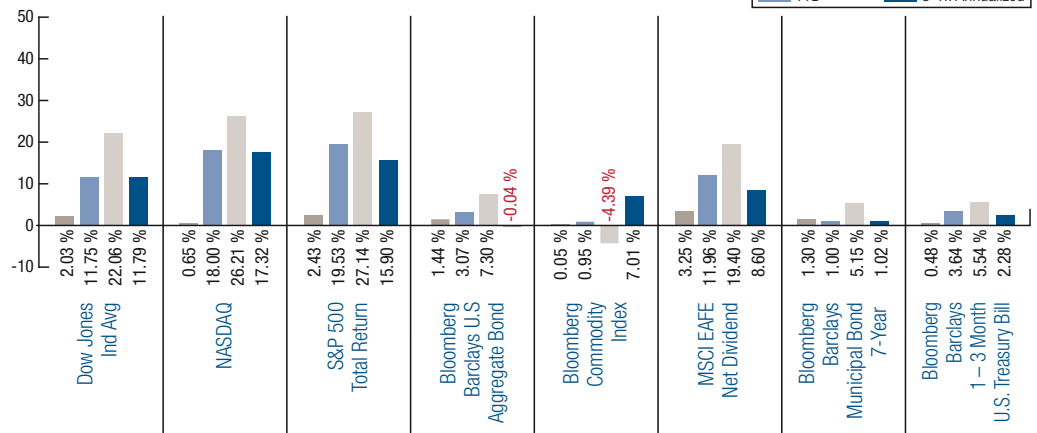


From the Office of Jeff Sgroi, CFP®



“Nothing ventured, nothing gained.”
– Geoffrey Chaucer, English Author

Asset Class Returns (as of August 31, 2024)



Material prepared by Raymond James for use by its Financial Advisors

Key Year-End Forecasts and Views



ECONOMY

US GDP: +2.4%

The US economy is approaching a soft patch as a slowing labor market and a more discerning consumer weigh on activity. However, as inflation moderates Fed rate cuts should provide relief and support a soft landing, with growth near trend at 2.4% in 2024.



BOND MARKET

10-Yr Treasury: 4.0%

The growth scare has pushed the 10-year T yield below our 4.0% year-end target and closer to our 3.75% 12-month target. With the market anticipating a faster easing cycle than we expect, the yield move may have gone too far. We favor high-quality credit and intermediate Treasuries.



EQUITIES

S&P 500: ~5,400

Growing economic uncertainty led to an uptick in volatility. Our 5,400 year-end target for the S&P 500 (\$245 EPS, 22x P/E multiple) remains our guiding light with pullbacks below this level viewed as buying opportunities. Longer-term we remain optimistic (12-month target of 5,700).



DOLLAR

EUR/USD: 1.075

The US dollar has likely peaked. With the Fed on the cusp of lowering interest rates, tailwinds supporting the dollar (growth and relative rate differentials) have largely run their course. The euro is likely to remain range bound, the Japanese yen can continue to strengthen vs. the dollar.



OIL

Oil: ~\$85/barrel

Supply and demand dynamics should keep oil prices in a tight range for the rest of the year. Ramped up US production, demand uncertainty and geopolitical tensions will provide offsets to OPEC+ efforts to restrict supply and should keep oil prices near our \$85/barrel year-end target.



VOLATILITY

Higher

Volatility has risen as growing uncertainties about the economic backdrop, election outcomes, corporate earnings, and the pace of monetary policy easing weigh on investors' forecasts. We expect these dynamics to drive interim spikes in volatility in the near term.

Year End Outlook and Views

As we near the final quarter of 2024 and what many call the most important presidential election in a generation, we field many questions about the markets ability to maintain what has thus far been a remarkable year. Larry Adam, Raymond James' Chief Investment Officer, shares his Key Year-End Forecasts and Views, (above) with our own takeaways (below).

Economy Takeaway – Anecdotally speaking, the economy remains as robust as ever, as I have witnessed full airports and flights, bustling restaurants, vibrant downtown activity in the cities I have been through the past three months, and nary a meaningful uptick in the unemployment rate. Other economic metrics remain robust, albeit off historically strong levels.

Bond Market Takeaway – The old adage on Wall Street is that bond money is the smart money. Fixed income yields started to drop before the equity markets rallied and continue to slice through levels not recently seen. Much of the gains in fixed income have been made since the 10-Year U.S. Treasury has come off the 5.0% level, but with a 2% inflation target, there is certainly more room for upside in this asset class.

Equities Takeaway – As of this writing, the S&P 500 sits at 5,626; this is in line with Raymond James' 12-month target. In short, expectations for strong equity market returns should be tempered, given the robust move from January 2023 through mid-September 2024.

Dollar Takeaway – As has been the case for years, the currency wars between the United States, European nations and Japan have simply been a race to the bottom. A healthy economy, within a global perspective, has buoyed the greenback. The burgeoning federal deficit remains the 800-pound gorilla in the room, however. Eventually, deficit pressures are likely to pressure our currency in a meaningful way.

Oil Takeaway – Raymond James’ analysts maintain a year-end target of \$85/barrel, despite a downward price move recently. Declining oil prices have a beneficial rippling effect through the economy, as they help keep food costs, and anything that moves by truck or freight, lower. Interestingly, the United States oil production has been strong during the Biden administration. Specifically, the U.S. produced more oil in 2023 than any country in any year in history, according to the U.S. Energy Information Administration.

Volatility Takeaway – The VIX measures volatility of the U.S. stock market. A low VIX reading generally means a positively trending market, and a low “fear factor”. A high VIX indicates a market selloff or general market malaise. The VIX has been a consistent predictor in the past eight presidential elections. During those elections, the incumbent party wins when the VIX peaks in the summer. The opposition party wins when the VIX rises into the election.

From the Officefront



On August 18th, Zach competed in the Steamboat Gravel (SBT GRVL) bike race in Steamboat Springs, CO. The race spans 125 miles and features nearly 11,000 feet of vertical climbing along the backroads of Routt County. The course featured a mix of gravel roads, rugged trails, and fast descents. Zach completed the race in 8.5 hours. *Way to go, Zach!*

And a good read from Susan: *The Artist’s Way* by Julia Cameron. Susan just completed the book’s 12-week course to unlock creativity through daily and weekly tasks and self-analysis. The course works to remove limiting beliefs so one can enjoy the creative process.

I was offered, and accepted, a spot for further professional development with an elite group of colleague/advisors titled the “Private Wealth Advisors Program.” It is offered through Raymond James’ Private Client Group – Education and Practice Management. The six-month program includes three home office visits to Raymond James HQ in St. Petersburg, Florida and involves a deep dive into complex investment and planning issues for high net worth and affluent investors. I am especially excited to continue to learn more about Raymond James’ resources as a firm, and how we can expand our offerings to help you!

From the Homefront

As always, wrapping up summer and shifting into a new school year is a nostalgic (and oftentimes painful!) process.



Our family enjoyed an extended visit back East to visit my parents and some long-time college friends. Martha’s Vineyard was our destination, and once again, we made the most of it! A drive-in movie night (we enjoyed in the back of my truck) featured Jurassic Park.

Saltwater fishing, whether it be from shore or boat, is an essential part of our summer activities while “on-island.” Here is Stella with a nice bonito on a friend’s boat, and my Dad with a hefty bluefish on a charter trip out of Menemsha, a small fishing village on the southwest part of the island. And yes, both fish made it to our dinner table! Interestingly, Jaws was filmed 50 years ago near where we stayed this summer; though the island is known as “Amity Island” in the movie.



As part of the back-to-school transition, Stella (freshman in high school) participated in a 10-day outdoor education trip in the Fryingpan Valley, about 25 miles from our hometown. The first couple of days were service work, where she and seven classmates worked to rebuild trails and reduce erosion. They slept under a tarp (no tents!) and braved some harrowing weather and the elements, but thoroughly enjoyed this unique experience. We went straight for lunch after I picked her up, and Stella said she had the best hamburger of her life after a week and half of pasta and dried foods!

Lily and Hannah also braved the Colorado high country for an outdoor education trip, albeit a slightly abbreviated version from Stella’s, over three days and two nights. Nonetheless, the girls hauled their own packs, and, according to their trip leaders, were quite comfortable in the elements despite limited backpacking experience. Given the fact that the girls have likely logged nearly 100 (car) camping trips in their lifetime, it should come as no surprise they embraced their respective trips!

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