RAYMOND JAMES

TAYLOR HARRISON
WEALTH MANAGEMENT

Quarterly Investment Trends

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IMPORTANT DATES:

Groundhog Day	02/02
Valentine's Day	02/14
Presidents' Day *Markets/Banks Closed*	02/19
Daylight Savings	03/10
St. Patrick's Day	03/17
Good Friday *Markets/Banks Closed*	03/29
Easter Sunday	03/31
Tax Day	04/15

David E. Taylor, CPA, PFS, AIF
Registered Principal
David.taylor@raymondjames.com

Brandy Harrison, AIF
Registered Principal
Brandy.harrison@raymondjames.com
Brandyharrison.com

First Quarter Newsletter 2024

Year in review

S&P 500 – up 26.44% (assumes dividends reinvested)[1]
Dow Jones Industrial Average – up 13.70%[1]
NASDAQ – up 44.7%[2]

It should be pointed out that the seven most dominant tech companies are known as the Magnificent 7. This group is made up of Mega cap stocks:
Apple (AAPL), Alphabet (GOOGL), Microsoft (MSFT), Amazon(AMZN), Meta Platforms (META), Tesla (TSLA) and Nvidia (NVDA).[3]

This group did great this year (with an average total return gain of 104.7%), accounting for 62.2% of the S&P 500's 26.29% total return. If these seven stocks were not included in the S&P 500, the S&P 500 would only have returned 9.94% for 2023.

This gain made up for last year, when they all declined (average -45.31%), leaving only Amazon.com (AMZN) and Tesla (TSLA) still in the red from year-end 2021. For the two-year period, the S&P 500 was up 3.42% (total return), with the Magnificent 7 accounting for 2.05% of it (leaving the index up 1.37% for the two-year period without them).[1]

2024 Market Predictions

In Barron's "The 2024 Market Outlook" six market gurus gave their market predictions for 2024. Their S&P 500 (which closed 2023 at 4769.83) price targets for this year range from 4500 on the low side to 5400 on the high side. Mike Wilson who is the chief US equity strategist at Morgan Stanley had the lowest price target of 4500. Ed Yardeni had the highest price target of 5400.

Given the history of such predictions, such price target guesses are usually wrong. Most economists predicted a 70% chance of a recession in 2023. They were dead wrong. Most analysts did not see the S&P 500 gaining 26% in 2023. J.P. Morgan predicted 9% gain for the S&P while Wells Fargo forecasted a target range of 12% to 17% for 2023. Comerica came in predicting a 10% increase.[4]

Therefore, when asked what the market is going to do this year, we would prefer to say it will be either higher or lower. Given the current economic conditions, I would expect the market to be higher by the end of 2024.

Why? Although many economists are still calling for recession, we just do not see one on the horizon. Unemployment is low, inflation has come down although it will still be persistent, and the Federal Reserve is expected to lower interest rates somewhat year.

1 https://www.spglobal.com/spdji/en/commentary/article/us-equities-market-attributes/
2 https://www.nasdaq.com/articles/2023-review-2024-outlook
3 https://www.kiplinger.com/investing/stocks/what-are-the-magnificent-7-stocks
4 https://www.investopedia.com/last-year-s-predictions-how-did-they-pan-out-8411505#toc-stock-calls-fall-short-as-sp-500-has-runaway-year

Continued:

The Consumer Price Index (CPI) which is one measure of inflation excludes food and energy. Why? Here is the government's rationale: "Food and energy prices are exempt from this calculation because their prices can be too volatile or fluctuate wildly. Food and energy are staples, meaning demand for them does not change much even as prices rise." [5]

Also, this is an election year and the administration will do everything in their power to "window dress" the economy and minimize any perceived crisis in order to enhance their chances for reelection.

Interest Rates

Dana and I moved to Corsicana in February 1980. We bought a house for $49,900 and assumed an 8% mortgage. Things went well and in November 1982 we bought another house. By this time mortgage rates had climbed to 15%. The builder paid points and was able to "buy down" the interest rate and we obtained a mortgage for 13 ½%.

So I have to chuckle at all the fuss over mortgage rates which peaked at 8% last year but have come down to the 6 ½ – 7% range currently.

That said, the stock market has applauded the possibility of declining interest rates and some pundits are even calling for as much as a 2% rate cut this coming year.[6] Maybe so, but some of the Fed governors are pushing back on cutting rate so aggressively, i.e., Fed Governor Bowman (FOMC voter) said in a speech that it would be appropriate to cut rates should inflation fall closer to 2%, but in her view "we are not yet at that point."[7]

Will Gold Glitter in 2024?

What has done better this year, the Dow Jones Industrial Average or Gold? Well, actually the Dow did but not by much. Gold return 13.06% in 2023 versus 13.70% for the Dow.

Gold hit a record price of $850 per ounce in January 1980. It would not reach this level again for 28 years, in January 2008.[7] Gold closed out 2023 at $2,062.90 per ounce. The rate of return works out to 3.2%.[8]

Not a particularly attractive return which is why we do not recommend gold as an investment. It is a hedge against inflation, a collapse of the US dollar or some other black swan event.

The future belongs to those who believe in the beauty of their dreams.

-Eleanor Roosevelt

5 https://www.investopedia.com/terms/c/coreinflation.asp#:~:text=Why%20Food%20and%20Energy%20Prices,much%20even%20as%20prices%20rise.

6 https://www.youtube.com/watch?v=tZwgBdNz4hk

7 Morning Brew January 9, 2024

8 gainesvillecoins.com

9 omnicalculator.com

Black Swan Events

Speaking of Black Swan events, they are always a possibility to derail any optimistic outlook for 2024. Possible black swan events include but are not limited to:

- Israel/Hamas conflict could spread to a much broader war in the Middle East
- China invades Taiwan
- Iran funds more terrorist attacks and obtains nuclear capability
- Biden is forced to resign throwing the presidential election into even further chaos
- Alleged voter fraud leads to widespread civil unrest

New Year's Resolutions

We all make them, we all break them. But here is one you probably have not thought about but we encourage you to add it to your list:

Asset Protection - it is incredibly important to identify people or situations that could legally, morally, or financially impact your ability to create or maintain your current or future lifestyle.

These could also be classified as an unexpected, unplanned black swan event. We have identified 22 such events. Including:

Long-term illness – long-term care insurance is an important consideration for anyone over 50 years of age. Even moderately wealthy Americans could see their retirement dreams evaporate in the event of a nursing home stay.

Improper or outdated estate plan – numerous unintended consequences can result from beneficiaries not being updated, estate tax consequences not being addressed, no credit protection for the surviving spouse, no guardianship for minor children and so on…

Closely held business – the biggest risk is illiquidity. You also need a succession plan in the event of death, disability, divorce or retirement.

Pension – if you are fortunate enough to have a pension, be sure it is well-funded if you are going to depend on it for retirement income. Your retirement dreams could be shattered if your company files for bankruptcy.

Toys – planes, trains and automobiles – oh, that was a movie. I really miss John Candy's movies. But seriously, boats, side-by-sides, motorhomes, wave runners, etc. are a huge liability. Add teenage drivers of the toys and you multiply the liability.

We will be glad to work with you during the coming year to assess and address all of these risk.

In the meantime let's all have a wonderful, great 2024!

Stock Index Performance

DOW JONES

YTD	2022	5yr
4.13%	-6.86%	7.19%

S&P 500

YTD	2022	5yr
13.87%	-18.13%	9.93%

NASDAQ 100

YTD	2022	5yr
35.23%	-32.38%	15.32%

Source: Bloomberg. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 09/22/23. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Bond Index Performance

U.S. Treasury: Intermediate

YTD	2022	5yr
0.41%	-7.77%	0.72%

U.S. Corporate High Yield

YTD	2022	5yr
6.31%	-11.19%	3.08%

Municipal Bond: Long Bond (22+)

YTD	2022	5yr
0.32%	-15.58%	0.82%

Source: Bloomberg Barclays. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 09/22/23. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Never mistake motion for action.

-Ernest Hemingway

FDIC-INSURED PREDICTABLE INCOME

3 MONTH CD	6 MONTH CD	9MONTH CD	1YEAR CD
5.10%	5.00%	4.85%	4.75%

Annual Percentage yields (APYs) as of **09/27/2023**. Rates are subject to change and availability. Minimum quantity may apply.

ABOUT FDIC INSURNACE

Currently, the FDIC limits the insured amount (including principal and interest) for all deposits held in the same capacity to $250,000 per depositor, per insured depository institution and $250,000 for certain retirement accounts. The FDIC has permanently increased insurance coverage to $250,000 for deposits held in all ownership categories, including single accounts, joint accounts and trust accounts. Therefore, excess holdings may not be insured. IRAs and certain other retirement accounts will maintain the $250,00 insurance coverage.

ABOUT LIQUIDITY

Funds may be withdrawn until the maturity date or redemption date. However, the brokered CDs are negotiable, which means that, although not obligated to do so, Raymond James and other broker/dealers presently maintain an active secondary market at current interest rates. Market value will fluctuate and, if the CD is cashed out prior to maturity, the proceeds may be more or less than the original purchase price. Holding CDs until term assures the holder of par value redemption. CDs are redeemable at par upon the death of the beneficial holder. For a detailed overview of these and other risks, refer to the Certificate of Deposit Disclosure Statement at raymondjames.com/liquid.htm. Additional information is also available on the SEC Certificates of Deposit website at investor.gov/introduction-investing/investing-basics/investment-products/certificates-deposit-cds.

Please contact your financial advisor for complete information about brokered CDs, including charges and expenses.

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Contact Us

Give us a call for more information about our services and products:

122 South 12th Street
Suite 101
Corsicana, Texas 75110
T: (903) 872-8381 / T: (800) 256-8998
F: (903) 872-5501

David.taylor@raymondjames.com
Brandy.harrison@raymondjames.com

www.raymondjames.com/taylorharrisonwealthmanagement