RAYMOND JAMES

TAYLOR HARRISON WEALTH MANAGEMENT

Quarterly Investment Trends

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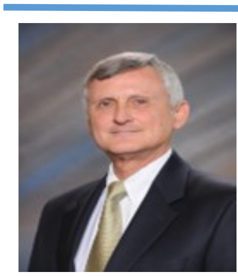
THIS ISSUE

IMPORTANT DATES

Jimmy Carter Funeral	**01-09-2025**
NYSE Closed	
MLK Day	**01-20-2025**
Markets/Banks Closed	
Presidential Inauguration	
Groundhog Day	**02-02-2025**
Valentine's Day	**02-14-2025**
Presidents' Day	**02-17-2025**
Markets/Banks Closed	
Daylight Savings	**03-09-2025**
St. Patrick's Day	**03-17-2025**
Tax Day	**04-15-2025**
Good Friday	**04-18-2025**
Markets/Banks Closed	
Easter Sunday	**04-20-2025**



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THE MANHATTAN PROJECT

In 1939, a group of scientists were concerned that Nazi Germany could figure out how to build an atomic bomb and dominate the world. Leo Szilard and Albert Einstein sent a letter to FDR suggesting that America should start its own nuclear weapons program. The letter was the catalyst for the creation of one of the largest and most important government/private enterprise partnerships in history. It was called the *Manhattan Project.*

The fate of the free world was at stake. The US spent billions of dollars and many of the world's smartest people work on the project. Within three years, America had built mankind's first atomic bomb.

Two decades later, competition between the US and Soviet Union evolved into the Space Race. President John F. Kennedy remarked during a 1962 address at Rice University "The exploration of space will go ahead, whether we join or not… And no nation which expects to be the leader of other nations can expect to stay behind in the race for space. For space science, like nuclear science and all technology, has no conscious of its own. Whether it will be a force for good or evil depends on man…" [1]

Artificial Intelligence (AI) is a technology that has the potential to create or destroy, to do good or to do evil. Artificial General Intelligence or AGI is an advanced form of AI that will possess tremendous potential to accomplish superhuman achievements which could possibly produce scientific, technological and industrial innovation on a scale like we have never seen before. China is devoting extraordinary resources and counterintelligence to develop AGI. *The country that wins this race could well dominate the 21st century.*

The stock market does not offer any pure play AGI companies. But there are several indirect plays on the race toward AGI. Data centers provide the foundations that enable AI technology to function and progress toward AGI. Therefore, companies that supply or enable various facets of data center infrastructure such as utilities, telecom and electric power could be major beneficiaries of the data center boom.

Researchers at Goldman Sachs predict data centers will consume as much as 8% of the US electricity by 2030 which is up from 3% today.

4 EXPECTATIONS FOR 2025

Charles Dickens wrote Great Expectations which follows the life of an orphan named Pip who has big dreams of rising above his lowly stature in Kent, England. Pip experienced his shares of highs, securing a wealthy benefactor, and apprenticeship as a blacksmith and falling in love with Estella. He also had his share of lows, discovering that the wealthy benefactor was an escaped convict, he incurred large debts and his heart was broken by Stella.

1 investorplace.com/fryinvestmentreport 12/13/2024

Continued:

But through it all Pip expected great things. As we look forward to the New Year, let's take a cue from Pip and be full of hope and expect great things. 2025 should end up as an even better year than 2024!

Expectation No. 1 - Global Central Banks Continue to Cut Key Interest Rates

The European Central Bank (ECB) cut its key interest rate by .25% in December for the fourth time last year. The European economy is floundering and the ECB will need to continue with more rate cuts in 2025 two maintain economic growth in the European Union.

A Bloomberg survey anticipates ECB will cut its key interest rate from 3% to 2% by June 2025. If the ECB implements four more rate cuts this will encourage the Federal Reserve to also cut the Fed funds rate.

Expectation No. 2 - US remains the world's economic growth engine

Germany and France are the two largest economies in Europe and both are teetering on the verge of a recession. Both countries are suffering from political unrest. Germany has an election in February and a new Chancellor is anticipated there. The French President has a minority interest in Parliament and his administration continues to be undermined by Marine Le Pen's National Rally Party.

It is quite possible that the euro reaches parity with the US dollar. (If so, a Viking River cruise may be a 2025 destination). Any interest rate cuts by the ECB will further undermine the Euro in 2025.

The US economy should continue to expand. According to the Institute of Supply Management US manufacturing has been in recession for 20 of the past 25 months. One of Trump's first agenda items is onshore manufacturing. Another one of his agendas is the end of the wars in the Middle East and Russia/Ukraine. If he can do this, the world will benefit and annual GDP growth should expand further.

Expectation No. 3 - Oil & Gas Industry

Trump has promised to lift the existing ban on federal lands by executive order on his first day in office. Liquefied natural gas (LNG) should expand. The US Environmental Protection agencies (EPA) demand that all new natural gas turbine electricity plants "sequester" carbon dioxide will also be lifted. This should result in new natural gas fired electric plants. This will help to meet the rising demand for artificial intelligence data centers.

Crude oil production should also increase under Trump. However, weak global demand as outlined in Expectation No. 1 may keep oil prices in check next year.

Expectation No. 4 - Earnings continue to improve

Overall, earnings improved dramatically in 2024 but 2025 could be even better. FactSet projects the S&P 500 will average 15% earnings growth in 2025.

He who asks questions cannot avoid answers.

-Cameron Proverb

TARIFFS – GOOD OR BAD?

Prior to 1913 tariffs were the major component of the federal government revenues. Industrialists such as Andrew Carnegie benefited tremendously from tariff policies which were despised by most working-class Americans.

Congress passed the Revenue Act of 1913 which levied a 1% income tax on personal incomes above $3000 with a 6% surtax on incomes above $500,000.

In 1930, the Smoot Holly Bill was passed which imposed heavy tariffs on more than 20,000 imported goods. The average import duty was 60%. The stock market collapsed almost immediately and within two years the market plummeted more than 80%.

On the positive side, tariffs protect certain US industries from low-priced imports, which promotes job creation and economic growth. But on the negative side tariffs can inflate consumer prices for many consumer products and result in retaliatory tariffs on US products from our trading partners.

The bottom line is tariffs never provide a universal benefit, nor are they free. Whether Trump actually intends to implement the tariffs he has proposed or is just using them as a negotiating tool remains to be seen.

SUPERCORE INFLATION

Do you remember… "Two all beef patties, special sauce, lettuce, cheese, pickles, onions, on a sesame seed bun..?" McDonald's came out with the Big Mac in 1968. The price? 49 cents. 12 cent French fries, 12 cent Cokes and 15 cent apple pies. Today, the average price of a Big Mac is over $5.00, a tenfold increase.[2]

On average, the buying power of our currency falls in half about every 14 to 15 years. This is because our government spends more than it takes in, depreciating the value of the dollar 4% to 5% annually.[2]

It is no secret that the Federal Reserve chairman Jay Powell has been adamant about reducing inflation to 2%. To help achieve that goal, the Federal Reserve came out with a new measure in March 2023 called "SuperCore Inflation." SuperCore inflation excludes food, energy, all other goods and housing.[3]

Even that measure of prices is still up 4.3% versus a year ago, which is probably why the Fed has stopped talking about it.[4] The Fed may continue to tweak its definition of inflation in order to reach its 2% goal but the public believes prices would have to go back to where they were pre-Covid in order for inflation to be under control.

But Brian Westbury of First Trust says that is not going to happen. Therefore, do not be surprised if the Fed pauses more rate cuts.

2 Baron funds quarterly report – September 30, 2024
3 Business Insider March 12, 2023
4 Monday Morning Outlook – Brian Westbury—November 11, 2024, December 16, 2024

Stock Index Performance

DOW JONES

YTD	2024	5yr
0.46%	14.99%	10.56%

S&P 500

YTD	2024	5yr
1.05%	25.00%	14.69%

NASDAQ 100

YTD	2024	5yr
1.51%	25.88%	20.34%

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 01/03/25. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Bond Index Performance

U.S. Treasury: Intermediate

YTD	2024	5yr
-0.05%	2.42%	0.40%

U.S. Corporate High Yield

YTD	2024	5yr
0.31%	8.19%	4.24%

Municipal Bond: Long Bond (22+)

YTD	2024	5yr
0.38%	1.40%	0.48%

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 01/03/25. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Few wishes come true by themselves.

FDIC-INSURED PREDICTABLE INCOME

3 MONTH CD	6 MONTH CD	9MONTH CD	1YEAR CD
4.35%	4.15%	4.10%	4.05%

Annual Percentage yields (APYs) as of **12/31/2024**. 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.

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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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