RAYMOND JAMES FINANCIAL SERVICES

TAYLOR HARRISON WEALTH MANAGEMENT

Quarterly Investment Trends

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THIS ISSUE:

IMPORTANT DATES:

Columbus Day
(10-09-2023)
Federal Holiday/Banks Closed

Veterans Day
11-11-2023
Federal Holiday/Banks Closed

Thanksgiving Day
11-23-2023
Federal Holiday/Banks Closed
Market Closed

Christmas Day
12-25-2023
Federal Holiday/Banks Closed
Market Closed

New Year's Day
01-01-2024
Federal Holiday/Banks Closed
Market Closed

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Headlines:

- September 26 – the Dow lost almost 400 points, the biggest one-day drop since March. The benchmark S&P 500 index slid 1.5%, its lowest close since June. The NASDAQ Composite lost 1.6%.[1]
- Housing data released Tuesday morning show that new home sales fell 8.7% in August from July, as mortgage rates climbed above 7% to the highest level in decades. US home prices reached a record high in July, marking the six straight month of increases, according to the latest Case – Shiller home prices index.[1]
- The federal reserve elected not to increase interest rates at its September 2023 Federal Open Market Committee (FOMC) meeting. However, one more rate hike in 2023 is likely.[2]
- Then there is the looming government shutdown even though the Senate advanced a stopgap measure which would fund the government through November 17.[3] A government shutdown may sound ominous but in reality it is not. Essential services provided by the government will continue.
- Since 1998 128 Continuing Resolutions (CR's) have been passed by Congress. This is an annual average of 5.04 CR's per year.[4]
- President Biden made history by joining the picket lines of the United Auto Workers on September 26, 2023.[5]
- On a positive note, Hollywood studios and the Writers Guild of America reached a tentative three-year deal, according to the LA Times.

What if you could predict the market?[6]

It is the morning of November 21, 1963, you are the only one that knows about the assassination of President Kennedy the very next day. The S&P 500 is trading at 60.81. What would you do? Probably short the S&P 500. Surely, the assassination of the president of the United States would send the market plummeting. The only problem is the market never traded at or below 60.81. The market continued to rally significantly as it had already been doing. Nothing changed. If a presidential assassination cannot sink the market, then let us move on to a different event…

What if you had advance knowledge of where the most devastating natural disasters in history the US – Hurricane Katrina? Hurricane Katrina shut down 95% of crude oil production in the Gulf of Mexico. This wreaked havoc on the oil supply. You would think the oil stocks would skyrocket.

Continued:

On August 29, 2005 Katrina began devastating New Orleans. You buy up all the oil futures contracts you can. However, crude oil only went up in price for one day. Afterwards, crude oil declined almost 21%, eventually bottoming out in November 2005.

How you think markets would react to news events may be very different than how markets actually react.

It is best to view the market as a long term investment rather than a short term trading vehicle.

Risk Management

The first area we focus on in financial planning is the area of *Risk Management*. It does not matter whether you have $1 million or $10 million, or anywhere in between, if a life-changing event happened – and it could happen in a split second that causes you to lose all your money, it really does not matter how good your money managers are.

This could be a devastating health crisis, a lawsuit, no estate plan or perhaps the death of a loved one. One area of risk management that is often overlooked, or where mistakes are made, is in the area of *life insurance.*

Who have you named as your primary beneficiary? Your contingent beneficiaries? Have you named at least two "backup" beneficiaries? If you have named your estate as your beneficiary your creditors have full access to life insurance proceeds. By naming your estate as your beneficiary, you guarantee the life insurance proceeds will be subjected to the expense, aggravation and delay of probate.

If no contingent beneficiaries are named and your primary beneficiary dies before you do, the proceeds will be paid to your estate.

Are your beneficiaries up to date? We have seen policies payable to ex-spouses and children born after a policy were purchased are often inadvertently omitted.

Have you named *minor* children or grandchildren as beneficiaries? Have you left them equal shares of your life insurance. Equal may not be equitable. Should they receive their share outright? A guardian or custodian will have to be appointed by the court at your children's expense to oversee their funds until they reach majority. One solution may be to set up a trust for your spouse and children and name the trust is the recipient of your life insurance proceeds.

How much life insurance do you really need? The purpose of life insurance is to provide financial protection for your dependents. The amount of your coverage may not be adequate for your family's financial security goals. On the other hand, you may have no need for life insurance.

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

-Eleanor Roosevelt

Continued:

Is all the insurance on your life owned by you? If your estate will not exceed the estate tax exemption, this will not be a problem. However, if your estate will exceed the estate tax exemption, owning life insurance in your name may result in paying needless estate taxes.

If any of these areas are of concern to you, we have solutions for each of them. Please contact our office to schedule an appointment, if you would like to review these areas.

The Real Estate Cycle

Amidst all the gloom and doom and worries about the markets, there is one economist that says every 18.6 years, property, economy and stock markets move through a repeating series of peaks and troughs – like clockwork. And the market has followed the cycle for over 200 years.

His name is Phil Anderson. He says "inflation is in decline… The Fed is expected to pause its interest rate hikes… The labor market is as strong as it has been in decades . The US economy is growing at over 2% annualized.

The next two or three years will be boom times. Liquidity is abundant, interest rates could start declining which will push asset values up.

There is also one other driver that very few investors understand and that is corporate cash. Businesses have amassed billions of dollars in cash. According to Bloomberg, Of all the signs out there that the US will manage to dodge a recession, once deemed inevitable, perhaps none is more convincing than this: CEOs across the country are opting to reinvest more of their profits and expansion projects rather than handing the money back to shareholders.

Goldman estimates that the S&P 500 companies will earmark more than $900 billion for capital spending in 2023 and 2024.

New production facilities will need land… Infrastructure… Electricity… Keep in mind that we are talking about hundreds of billions of dollars here waiting to be invested as soon as possible.

There are years of growth ahead in the real economy and real assets are going to do well.[7]

He believes there will be a market recovery in the fourth quarter of 2023 that will catch most people by surprise. In 2024 he says do not be surprised to see the markets back approaching all-time highs.

1.CNN Business, 9/26/23
2.Markets and Investing – RJ – 9/20/23
3.The Guardian.com 9/26/23
4.Congressional Research Service 5/16/2023
5.www.nbcnews.com 9/26/23
6.Market Minute 8/16/2023
7.Cycles Trading 8/14/23
8.The Signal – The 11th Hour Almanac 2023

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
5.50%	5.55%	5.50%	5.50%

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.

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

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