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Raymond James Financial
Services, Inc.
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Matt B. Wigren, CFP®

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Investment Advisory Services offered through Raymond James Financial Services Advisors, Inc.

Financial focus

WHAT MATTERS MOST TO YOUR FAMILY, MATTERS MOST TO OURS.

2024 Economic Snapshot

Headline inflation has weakened more than expected on a year-over-year basis since the middle of 2023 driven by lower energy prices, while core consumer inflation has continued its slow disinflationary process. Shelter costs continue to be the last shoe to fall and are likely to contribute to lower inflation in 2024 as lags in rent and home prices start to be reflected in the economic data. Stronger than expected economic growth and the resilience of the labor market have led the Federal Reserve (Fed) to announce rate cuts this year unless a very negative inflation surprise occurs. Additionally, the labor market is likely to soften, with the unemployment rate increasing from the current historically low levels. Despite the expectation of easing financial conditions in the second half of the year, we continue to believe the higher interest rates and modest weakening of the labor market will affect investment and consumption, pushing the US economy into the mildest recession on record, lasting two quarters. Overall, the US economy will still experience positive economic growth, albeit below the country's potential output. The resiliency of the US economy, along with stagnant growth and the prospect of rate cuts worldwide are headwinds for foreign currencies, which should support the US dollar this year.*

EUGENIO J. ALEMÁN, PhD
Chief Economist

GROWTH	GDP growth is expected to continue to moderate over the next several quarters and we expect a mild recession to start in 2Q24.
EMPLOYMENT	Nonfarm payrolls have remained strong in 2023, but the labor market has been cooling down and we expect it to weaken further in 2024.
CONSUMER SPENDING	Consumer spending has remained relatively strong, but it is likely to weaken over the next quarters as excess savings from the pandemic are fully depleted and student debt repayments have resumed.
BUSINESS INVESTMENT	Despite higher interest rates raising borrowing costs, the passage of several bills, including the Inflation Reduction Act (IRA), the CHIPS Act, and the Infrastructure Bill are contributing positively to business investments.
INFLATION	Inflation is likely to continue to slow as economic activity weakens over the next quarters. Shelter costs should slow down further and barring any economic shock, headline inflation should go lower over the next quarters.
MONETARY POLICY	The Fed turned more dovish at the end of 2023, but is likely to keep rates higher for several more months before starting to lower rates.
LONG-TERM INTEREST RATES	The faster-than-anticipated deceleration in inflation, our forecasted upcoming economic slowdown and the Fed easing rates are all likely to contribute to lower long-term interest rates.
FISCAL POLICY	Contributions to GDP from government spending this year are unlikely to change significantly despite our call for a recession, as we expect the downturn to be so mild that government intervention should be limited.
THE DOLLAR	The US dollar's role as a safe-haven currency during times of global instability, as well as the expectation of slower growth overseas compared to the resilient US economy, should provide stability for the US dollar in 2024.
REST OF THE WORLD	We continue to expect a weakening global economy in 2024 despite central banks worldwide turning more dovish.
MANUFACTURING	The ISM Manufacturing Index remained in contraction for all of 2023, but should start to recover in the second half of the year as the Fed starts to ease rates.
HOUSING AND RESIDENTIAL CONSTRUCTION	High mortgage rates and rising construction costs have kept this sector in contraction for several quarters. Despite these headwinds, the low supply of homes has kept prices somewhat stable, and lower rates in 2024 might provide some additional relief to the sector.

Fine Tune Your Financials this Winter

Market closures

- * Jan. 15: Martin Luther King Jr. Day
- * Feb. 19: Presidents Day

Dates to remember

- * Jan. 17: Fourth quarter 2023 estimated tax payments are due, if required.
- * Jan. 31: Raymond James mails year-end retirement tax forms for 1099-R and 5498, if applicable.
- * Feb. 15: Raymond James begins mailing 1099 tax statements.
- * Feb. 28: Raymond James mails amended 1099s and those delayed due to specific holdings and/or income reallocation.
- * March 15 is the final day to mail any original 1099s and continued amended 1099s as needed.

-Organize for tax time: By early February, you should have most tax forms in hand. Make sure to organize them in a dedicated spot, as well as any receipts if you itemize. To ensure all is in order, talk to your advisor about coordinating with your tax professional.

-Get set for 65: This is the age you become eligible for Medicare; a 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. Ask your advisor about healthcare planning resources that can guide you.

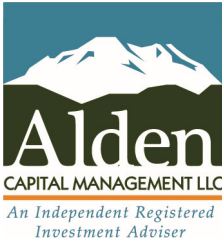
-Become a benefits whiz: Research your company's open enrollment schedule and decide if you need to make changes.

-Fine-tune your health spending: If you participate in a flexible spending account (FSA) or health savings account (HSA), review contribution levels to take full advantage – without exceeding limits, which are adjusted regularly for inflation. If you have an FSA, use available funds before your plan's use-it-or-lose-it deadline.

-Finesse your bonus: Plan how you want to use your year-end bonus before it hits your account. Consider paying down high-interest debt, shoring up your emergency fund or increasing your 401(k) contribution.

-Pay yourself first: If you haven't automated retirement contributions, start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.

-Revisit an IRA: Pre-tax contributions to IRAs can reduce taxable income, and Roth IRAs might be the answer if you're above income thresholds to make a tax-deductible traditional IRA contribution. You have until tax filing deadline (not including extensions) to contribute for the previous tax year.*



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Brendan and Elliott at Dave & Buster's

Alden News

We hope you had a great Holiday Season!

We closed out our 2023 with an ACM Employee Holiday Party at Dave and Busters with our families. Our kids enjoyed hanging out, playing video games and winning prizes too!

Although we did not have snow in the Seattle area for The Holidays, Matt and Laura's family spent time at Suncadia sledding and enjoying the snow with their parents, Scott and Nancy.

We wish the best for you and yours in the New Year!



Laura & Wes sledding at Suncadia

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