

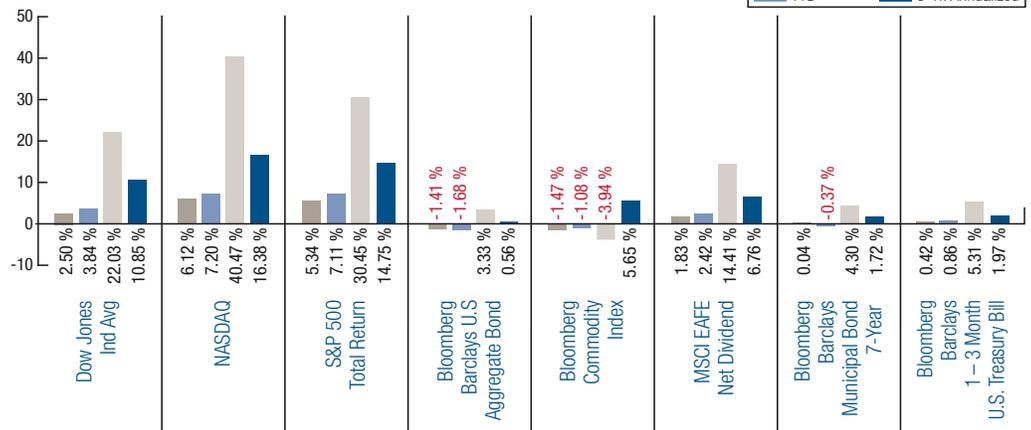
From the Office of Jeff Sgroi, CFP®



“Of all the paths you take in life, make sure a few of them are dirt.”

– John Muir

Asset Class Returns (as of February 29, 2024)



Market & Economic Synopsis

- U.S. economic data indicates ongoing domestic expansion, with consensus GDP growth in 3% range.
- S&P 500, Nikkei 225 and gold prices reach all-time highs in early 2024.
- Yields march higher, as 10-year U.S. Treasury breaks 4.3% after touching below 3.8% near end of 2023.
- Markets eagerly await indication from Fed on if/when interest rate cuts will begin.
- Chinese stocks enter bull market territory, as MSCI China Index up 10% and Hong Kong tech stocks up 20% since early February.
- TikTok faces scrutiny and potential ban in United States.
- Ozempic leads the charge in weight-loss frenzy.
- Recent ETF access drives bitcoin, other cryptocurrencies, to record high values.

State of the Union (and Market, and Economy)

It appears that 2024 is set to track the past couple of years, with markets queuing off of inflation data, the Federal Reserve’s positioning, and subsequent interest rate movement. Thus far, it has been an overwhelmingly positive start to the year, as the Fed attempts to keep the economy humming along, all the while navigating stubbornly high prices and persistent inflation. Let us take a deeper look into some of the relevant components.

Economic Readings Remain Strong, But Likely Slowing

Recent payroll data indicates a healthy, albeit rising, unemployment rate of 3.9%. The Department of Labor recently revised December and January gains to reflect lower job gains, while non-farm payrolls rose by 275,000 jobs in February. As Phil Orlando, Federated Hermes Chief Equity Market Strategist notes, “manufacturing hiring hit a wall and household employment lost jobs for the fourth time in five months” and the 3.9% unemployment reflects a 2-year high, to levels not seen since January 2022.

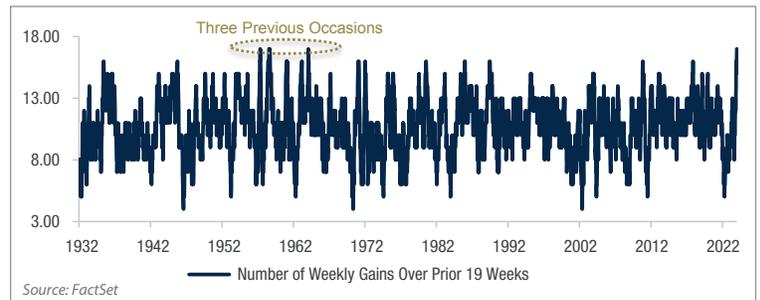
Additionally, the recent increase in unemployment of “0.5% over the past 10 months brings the Sahm Rule into focus, which states that, if unemployment rises 0.5% or more on a rolling 3-month basis over a year’s time, the economy typically slows, perhaps into recession.”

Broad consensus among economists is GDP growth in the 3% range for 2024. Market returns and economic growth have historically been loosely aligned. Interestingly, healthy discussion is surrounding the potential boon artificial intelligence may bring to the economy. This

month, Bank of America analysts estimate “the global economic impact of the booming technology could reach \$15.7 trillion by 2030.”

Equity Markets Hit All Time Highs, in Spectacular Fashion

Jerome Powell’s late October 2023 press conference announcement of inflation being slayed set off a generational rally. As of March 8th, the S&P 500 posted gains in 17 of 19 weeks, “a feat that has occurred in only three other time periods and not since 1964,” per Larry Adam, Raymond James Chief Investment Officer.



Larry goes on to share that “historically, this has led to muted performance on average in the following six months.” That timing, coincidentally or not, is aligned with markets typically slowing during the summer months.

Federal Debt Levels & a Gorilla in the Room

Historically, money managers tend to be apolitical, at least in public forums. Many leading investors have become more outspoken when it comes to the burgeoning U.S. deficit, however. Paul Tudor Jones, billionaire hedge fund manager, recently stated debt levels are highly concerning. Bridgewater Associates founder Ray Dalio believes “soaring U.S. government debt is reaching a point where it will begin creating larger problems,” per CNBC reports.

Phil Orlando provides specific examples where the U.S. government has overplayed its ability borrow and created unnecessary potential problems. Specifically, he states “President Trump’s \$900 billion Phase 4 pandemic relief stimulus in December 2020 was unnecessary, as was Biden’s \$1.9 trillion American Rescue Plan in March 2021. We liked the bipartisan \$1.2 trillion infrastructure deal in November 2021, but disagreed with the administration’s \$1.4 trillion Inflation Reduction Act of September 2022.”

Any political will to reign in federal spending, never mind a balanced budget, is nowhere on the horizon, as President Biden recently put forth a proposed budget for \$7.3 trillion over the next year. Realistic fixes must include Social Security and Medicare reform. All the while, financial markets continue to climb the proverbial “wall of worry.”

State of the Union, and Other Focus Items in 2024

Presumably, the 2024 U.S. presidential candidates will be a rerun of the 2020 election, squaring Joe Biden against Donald Trump. As the New York Times points out, “either of the leading 2024 candidates would be the oldest occupant of the Oval Office ever by the end of his term.” Depending on the poll (or day of the week), the candidates are neck and neck. Much can change over the next eight months.

One of the most interesting presentations I have seen recently was from Laura Thomas at our annual Advanced Planners Study Group held in Aspen this past December. Laura is the Chief of Staff and Strategic Initiatives at global quantum technology and manufacturing company, Infleqion, and a former Central Intelligence Agency (CIA) case officer. One of Laura’s thought-provoking comments was her belief that the world is at a tipping point between a more authoritarian or democratic society. Certainly, there are opposing inferences on how the 2024 presidential election will play into that belief and global political positioning.

With that being said, as we have noted with specific historical data, there is little to no correlation between which party holds the White House and market returns. This should bring some relief to investors.

From the Officefront



In February, Zach completed the Aspen Snowmass Power of Four ski mountaineering race on a splitboard. The race traverses all four of Aspen’s ski mountains, covering 24 miles and more than 10,000 vertical feet of climbing—making this race one of North America’s most challenging winter endurance events. Zach and his partner competed in the “unconventional” splitboard division and were first to finish within that group, posting a time under eight hours! Truly a remarkable physical feat.

In addition, Susan, a member of the Aspen Rotary Club since 1995, received her Paul Harris Fellow pin +2. The Paul Harris Fellow recognition acknowledges individuals who contribute \$1,000 to The Rotary Foundation. The pin Susan received represents \$3,000 in contributions.

From the Homefront

Some of you may know that I hunt, and love any time I can get away, deep into the wilderness – the further off the road, the better! One of my favorite ways to explore the local mountains, as of late, is bowhunting in early autumn. Last year, in preparation for a backcountry elk hunt, I spent hours and hours shooting my bow for an opportunity that never actually played out. Nonetheless, preparation for the season was incredibly fun, as Stella (13) jumped at every opportunity to shoot with me. Although she was using an inexpensive children’s bow she had since she was five years old (along with mismatched arrows), her form and accuracy were exceptional. Surprisingly, she was insistent in pursuing her craft further, and pleaded for a better setup for Christmas, which in fact arrived in December. It took us a little while to get her set up with the right draw length and weight, along with properly cut arrows, but inevitably, we made it happen. Here is Stella drawing back with her new bow, taking aim at a 10-yard target. She is certain she has no interest in hunting, and only wants to improve her shooting with targets, but that is fine with me!



Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

Opinions expressed reflect the current opinion of the author and not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investments mentioned may not be suitable for all investors. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete.

The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is a diversified index measuring approximately 6,000 investment grade, fixed-rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the U.S. & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

U.S. government bonds and treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. Commodities may be subject to greater volatility than investments in traditional securities. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic and political developments. Diversification and asset allocation do not ensure a profit or protect against a loss. Dividends are not guaranteed and must be authorized by the company’s board of directors. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc.

Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes. Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

CFP Board owns the CFP® and Certified Financial Planner® marks in the United States.

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

Bitcoin issuers are not registered with the SEC, and the bitcoin marketplace is currently unregulated. Bitcoin and other cryptocurrencies are a very speculative investment and involves a high degree of risk.