February 7, 2025

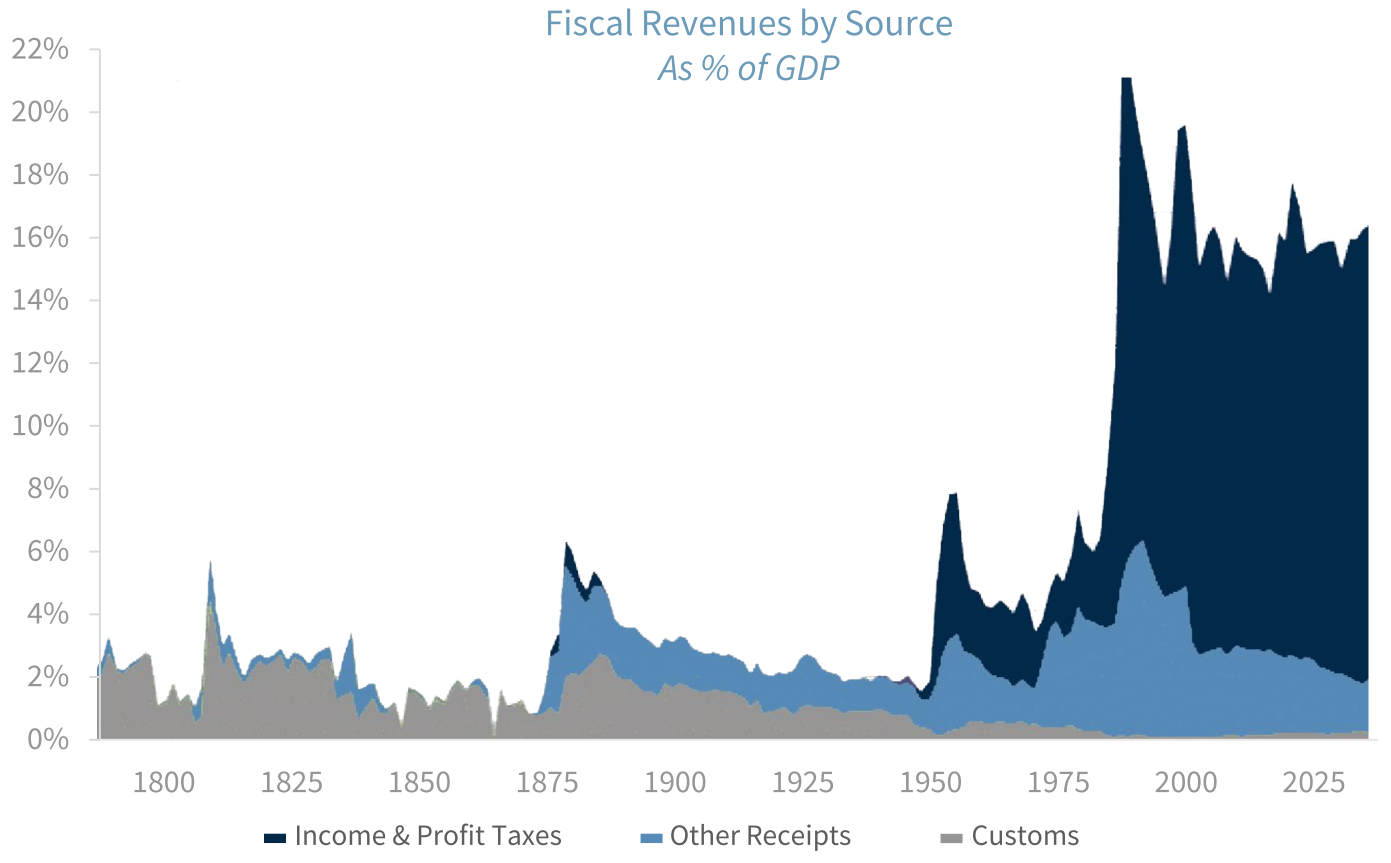
Eugenio J. Alemán, PhD, *Chief Economist*
Giampiero Fuentes, CFP®, *Economist*

THOUGHTS OF THE WEEK

Fiscal Revenues from Tariffs? We Have Been There Before![1]

Tariffs seem to have become a staple of Americans' dictionaries lately as the new administration uses this policy instrument to achieve objectives that are not directly tied to the reasons tariffs have been used in the past. That is, typically, the US has used tariffs to protect a sector of the economy either temporarily or, sometimes, for the long haul, and as an instrument for collecting fiscal revenues.

In fact, fiscal revenues from import tariffs were the largest source of fiscal revenues during the first 100 plus years of our country, as the graph below shows.



Source: Congressional Research Service, RJ Economics

The US has used tariffs forever while the move to freer trade started after the Second World War and intensified during the last several decades. And while there are some that suggest otherwise, the US has benefited the most from this move toward freer trade. It is true that there are inequities, and some countries subsidize sectors and protect others in order to give those sectors a competitive advantage that would have normally been absent. But every country in the world, at some point in time, has done something similar.

1: "Tariffs and Federal Finances: A Thumbnail History," Congressional Research Service, Insight, January 10, 2025. "The Problem of the Tariff in American Economic History, 1787-1934," by Phillip W. Magness, The CATO Institute, September 26, 2023.

At the beginning of our history as a nation-state, the South was so distrustful of the North that we enshrined the Export Clause into our Constitution. In Article 1, Section 9, Clause 5 of the constitution it says, “No Tax or Duty shall be laid on Articles exported from any State.” However, nothing was said about import taxes (i.e., tariffs), perhaps because in the early days the US government’s income came, fundamentally, from tariffs on imports. But tariffs were always a problem for the US economy. According to the CATO Institute, “From 1789 to 1934, tariff-seeking industries were notorious for diverting resources into rent-seeking, or the lobbying of Congress for preferential rates with bribes and backroom deals.”[2] The corruption generated by import tariffs, according to CATO, was one of the reasons the US passed the 16th Amendment of the Constitution, which created the federal income tax system.

The US has also used tariffs to protect sectors of the economy from competition from abroad. In the early 20th century, we decided to protect the agricultural sector with price-support mechanisms, which is one of the reasons why food is so expensive in the US compared to other countries. That was our choice. And it has worked for us, as one of the defining characteristics of agricultural production, i.e., overproduction/underproduction, has been tamed over time by using these price supports.[3] However, that has also meant that we don’t import cheaper agricultural products that compete with domestic agricultural production. Our importation of agricultural products is limited to temporary quotas opened to complement domestic production and/or import non-seasonal products into the US.

Another famous tariff is called the ‘Chicken Tax,’ which is a 25% import tax on the importation of light trucks, which was imposed back in the 1960s during the ‘Chicken War’ between the European Economic Community (EEC) and the US. It originated with a tax on the importation of chicken from the US into the EEC and the US retaliatory response to impose a 25% tariff on the importation of light trucks into the US. The tariff on chicken imports is long gone but the 25% tariff on the importation of light trucks is still in place!

In summary, tariffs are problematic. While they may be useful in temporarily solving unfair trade schemes, they create more problems than they solve, especially if these tariffs persist over time, as they create vested interests that make them very difficult to eliminate. At the same time, and as US history has shown, tariffs generate corruption and graft opportunities that are more pernicious to the economy than the reasons tariffs were implemented in the first place.

2: “The Problem of the Tariff in American Economic History, 1787-1934,” by Phillip W. Magness, The CATO Institute, September 26, 2023.

3: Agricultural production is highly volatile. A small crop would reduce the supply of agricultural products and raise the price of it, which would incentivize producers to increase production the following year. The large crop the following year would make prices collapse and send the agricultural sector into crisis. In order to smooth these cycles, the US chose a system that would give price-supports to reduce this volatility and keep agricultural income stable over time.

Forecast Table

	Actual				Forecast								Actual		Forecast	
	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	4Q26	2023	2024	2025	2026
Real Gross Domestic Product [1]	**1.6**	**3.0**	**3.1**	**2.3**	**2.3**	**2.2**	**2.3**	**2.5**	**2.1**	**2.1**	**2.0**	**2.2**	**2.9**	**2.8**	**2.4**	**2.2**
Real Gross Domestic Product [2]	2.9	3.1	2.7	2.4	2.6	2.5	2.3	2.3	2.3	2.2	2.2	2.1	2.5	2.5		
Consumer Price Index [2]	**3.2**	**3.2**	**2.6**	**2.7**	**2.5**	**2.4**	**2.7**	**2.6**	**2.4**	**2.4**	**2.4**	**2.4**	**4.1**	**3.0**	**2.6**	**2.4**
Ex-food & energy [2]	3.8	3.4	3.2	3.3	3.0	2.9	2.9	2.7	2.5	2.4	2.4	2.4	4.8	3.4	2.9	2.5
PCE Price Index [2]	**2.7**	**2.6**	**2.3**	**2.4**	**2.2**	**2.2**	**2.4**	**2.4**	**2.4**	**2.3**	**2.3**	**2.2**	**3.8**	**2.5**	**2.3**	**2.3**
Ex-food & energy [2]	3.0	2.7	2.7	2.8	2.4	2.3	2.4	2.4	2.4	2.3	2.3	2.2	4.1	2.8	2.4	2.3
Unemployment Rate	**3.8**	**4.0**	**4.2**	**4.1**	**4.1**	**4.2**	**4.2**	**4.3**	**4.4**	**4.4**	**4.3**	**4.3**	**3.6**	**4.0**	**4.2**	**4.4**
Fed Funds Rate [3]	5.50	5.50	5.00	4.50	4.50	4.25	4.00	4.00	4.00	3.75	3.50	3.50	5.1	5.1	4.2	3.7

1 Annualized Quarter-Over-Quarter Growth
2 Year-Over-Year SA Percentage Change
3 Upper Bound of the Federal Funds Target Range

Economic Releases

ISM Manufacturing: The ISM Manufacturing PMI was stronger than market expectations and entered expansionary territory for the first time in 27 months. The improvement was driven by demand and production, as measured by strong New Orders, Production, Employment, and New Export Orders. This strength in manufacturing demand ultimately pushed prices higher, but we do believe that the uncertainty surrounding tariffs might have had an impact. In fact, manufacturing companies might have pushed the envelope in a rush to beat potential tariffs. Therefore, while today should be seen as a healthy report, we would caution that if tariffs are implemented and remain in place, next month's reading may be negatively impacted. The Institute for Supply Management (ISM) Manufacturing PMI increased from 49.2 in December to 50.9 in January, crossing the demarcation line between expansion and contraction for the first time in 27 months. The New Orders index improved from 52.1 in December to 55.1 in January while the Production index moved into expansion, from a reading of 49.9 in December to 52.5 in January. The Employment index bounced back and returned to expansionary territory, increasing from 45.4 in December to 50.3 in January. The Supplier Deliveries index moved slightly higher, at 50.9 in January compared to 50.1 in December. The Inventories index was lower, at 45.9 in January compared to 48.4 in December but still in contraction while the Customers' Inventories remained unchanged. The Prices index moved higher, at 54.9 in January compared to a reading of 52.5 in December while the Backlog of Orders index moved lower and remained in contraction, at 44.9 in January compared to 45.9 in December. The New Export Orders index moved higher from a reading of 50.0 in December to 52.4 in January. Finally, the Imports index returned to expansion, increasing 1.4 points to 51.1 in January. January 2025 was the first expansionary month of the ISM Manufacturing PMI in 27 months, boosted by production and employment growth, as well as growing new orders.

Construction Spending: Construction spending ended 2024 on a bright note and was strong as a whole compared to 2023. Residential construction spending was strong in December, month over month as well as year over year, with private residential improvements leading the way. Both residential as well as non-residential construction spending were positive overall in 2024 compared to the previous year. Construction spending is probably going to be negatively impacted by the new administration's policies as tariffs will increase the cost of home building. Total construction spending increased more than expected during the last month of 2024, up 0.5%, compared to estimates for a 0.4% increase, according to the US Census Bureau. On a year-earlier basis construction spending was up 4.3%. Overall, the value of construction for the whole of 2024 was $2.154 trillion, or 6.5% higher than in 2023, when it was $2.024 trillion. Private construction spending was up by 0.9% during the last month of 2024, month-over-month, as residential construction increased by 1.5% while nonresidential construction was up by 0.1%, during the same period of time. Overall, the value of private construction was up by 5.6% in 2024 compared to the previous year as residential construction was up by 5.9% and nonresidential construction was up by 5.3%. Public construction spending was down 0.5% during the period as educational construction was lower by 0.6% while highway construction was up by 0.7%. Overall, public construction was up 9.3% in 2024 compared to the previous year as educational construction spending was up 8.5% and highway construction was up 4.1%. Private construction spending remained strong during the last month of 2024 while public construction was very weak across the board.

Economic Releases

JOLTS: Job openings in December decreased from an upwardly revised number in November. Professional Business Services (-225,000) and Health Care and Social Assistance (-180,000) were December's biggest losers, contributing to the majority of the total 556,000 fewer openings. Today's report is yet another indication that labor demand is softening but not collapsing, which is consistent with our view of a slowing economy and job market. Job openings decreased to 7.6 million in December and were 1.3 million lower than 12 months prior, according to the Bureau of Labor Statistics. FactSet expectations were for job openings to decline from 8.2 to 7.925 million. Hires were 5.5 million in December, the hires rate was 3.4%, and total separations were 5.3 million or 3.3%. On the other hand, quits remained unchanged at 3.2 million, pushing the quit rate higher to 2.0%. Job openings were revised up in November to 8.2 million, the number of hires was revised up by 104,000 to 5.4 million and separations were revised up by 65,000 to 3.1 million.

Trade Balance: The US trade deficit in goods and services increased significantly in December of last year—even higher than expectations—reaching the 2nd highest monthly US trade deficit on record. Exports were lower across industries in December, but the large driver of last month's trade deficit was the $10.8 billion increase in the imports of Industrial Supplies and Materials, mostly used in manufacturing. With tariffs on China being implemented and the temporary suspension of tariffs on Mexican and Canadian goods set to expire next month, the uncertainty may prompt companies and consumers to continue to act preemptively to avoid potential additional costs. The US trade deficit in goods and services was higher than expected in December 2024, at $98.4 billion compared to FactSet expectations for a deficit of $96.0 billion. December's deficit was $19.5 billion higher than the revised November deficit of $78.9 billion, according to the US Census Bureau and the US Bureau of Economic Analysis. Exports were $266.5 billion in December, or $7.1 billion lower than in November while imports were $364.9 billion or $12.4 billion higher than in November, according to the release. Exports of goods decreased by $1.2 billion compared to November while exports of services increased by $3.5 billion compared to the previous month. On a census basis, the decline in exports was due to a decrease across all major categories, including Consumer Goods (-$1.8 billion), Industrial Supplies and Materials (-$1.8 billion), Capital Goods (-$1.4 billion), and Automotive Vehicle, Parts, and Engines (-$0.9 billion). On the other hand, the large increase in imports was almost entirely driven by a hefty increase in Industrial Supplies and Materials imports ($10.8 billion) on a census basis. Consumer Goods ($2.2 billion) and Capital Goods ($1.3 billion) imports also increased, while imports of Automotive Vehicle, Parts, and Engines was the category that had lower imports (-$2.2 billion). As expected, the US trade deficit spiked in December of last year as imports hit a record high, driven by a large increase of over $9 billion in imports of finished metal shapes (bars, beams, sheets, or tubes), which are often used in manufacturing. It is clear that companies and consumers are trying to get ahead of tariffs, pushing imports to a record high.

Economic Releases

ISM Services: ISM Services weakened by 1.2 percentage points in January, remaining in expansion territory for seven consecutive months. Overall, today's report aligns with our view that the service sectors continues to expand, albeit slowing as shown by the Business Activity and Production Index. Several respondents cited that uncertainty ahead of potential tariffs are causing prices to rise and potential shortages of various materials. Given the fluid tariff situation, it is too early to change our assessment on the economy or make changes to our forecast, but while a significant escalation in trade tensions cannot be ruled out, it is not our base case scenario. The ISM Services PMI was lower than expected in January, at 52.8, compared to expectations for a 54.0 reading. The Business Activity/Production Index decreased from 58.0 in December to 54.5 in January while the New Orders Index was also down, from a 54.4 print in December to 51.3 in January. The Employment Index was higher in January, up 1 percentage point to 52.3 in January. Inventories declined from 49.4 in December to 47.5 in January and remained in contraction territory. The largest decline occurred in Prices, declining 4.0 percentage points from 64.4 in December to 60.4 in January. Backlog of Orders, remained in contraction, but increased slightly to 44.8. New Export Orders increased by 1.9 percentage points to 52.0, while Imports fell into contraction, declining 0.9 percentage points from 50.7 in December to 49.8 in January. Business activity weakened, but remained strong in January, signaling seven consecutive months of expansion. However, signs of companies getting ready for potential tariffs are widespread. In fact, despite the Prices index declining in January, fifteen out of eighteen services industries reported an increase in prices paid during the month.

Employment Report: Employment growth during the first month of 2025 was slower than expected but still robust at 143,000 while the two previous months were revised up, on net by positive 100,000 jobs. The benchmark revision on the nonfarm payroll number pushed average job creation during 2024 to 166,000 compared to the previous estimate of 186,000 per month. That is, total jobs created during 2024 were 1.996 million rather than the originally published 2.232 million. Although the jobs number was lower than market expectations, job growth remained strong during the first month of the year. Meanwhile, the revisions to the jobs numbers in 2024 are in line with our view that job growth weakened during last year. For the Federal Reserve, this report supports its view that, today, job growth is not a major factor in inflation. Nonfarm employment grew by less than expected, up 143,000, during the first month of the year versus FactSet expectations for 170,000 jobs while the rate of unemployment declined slightly, to 4.0% compared to 4.1% in December 2024, according to the Bureau of Labor Statistics. Jobs during the previous two months were revised up by 100,000. The private sector added 111,000 jobs during the month with none added by the goods-producing sector. The 111,000 jobs created by the private service-providing sector were concentrated in the private education and health services sector which added 61,000 new jobs while the retail trade sector added another 34,300 new jobs. The leisure and hospitality sector surprised on the downside, shedding 3,000 jobs during the month. Other services added 17,000 while professional and business services jobs declined by 11,000 and temporary help services eliminated 12,400 jobs. The government sector added another 32,000 jobs during the month. Average weekly hours were down slightly to 34.1 in January compared to 34.2 in December of last year while average hourly earnings were up to $35.87 compared to $35.70 in December. Thus, average weekly earnings were up to $1,223.17 compared to $1,220.94 in December of last year. The labor force participation rate increased slightly, from 62.5% in December of last year to 62.6% in January of this year. The revisions to the establishment survey showed that there were, on average, 166,000 jobs created per month during 2024. This compares to an estimate of 186,000 jobs created per month during the year before the revision.

Economic Releases

Unit Labor Cost: Better than expected growth in productivity and slower growth in unit labor costs during the last quarter of the year are good news for markets. However, we expect a slight downward revision to Q4 GDP growth due to a larger than expected trade deficit in December, which could bring the labor productivity number down slightly and unit labor costs up slightly. Still, the increase in productivity is good news for the Federal Reserve as it evaluates monetary policy going forward. Preliminary nonfarm business productivity increased by 1.2% during the last quarter of 2024 according to the Bureau of Labor Statistics (BLS). The increase in productivity was slightly higher than FactSet expectations, which had an estimate of 1.1%, quarter-over-quarter. The increase in productivity was the result of a 2.3% increase in output and a 1.0% increase in hours worked. Compared to the fourth quarter of 2023, productivity increased by 1.6%. For 2024 as a whole, productivity was up 2.3% compared to 2023, according to the report. Unit labor costs in the nonfarm sector were up by 3.0% during the last quarter of the year. Markets were expecting unit labor costs to have increased by 3.4% during the quarter. The increase in unit labor costs was the consequence of a 4.2% increase in hourly compensation and a 1.2% increase in productivity. Over the previous four quarters, unit labor costs increased by 2.7%. Real hourly compensation increased by 1.1% during the last quarter of 2024, year-over-year while it increased by 1.5% for 2024 as a whole. Productivity in the manufacturing sector increased by just 0.8% during the last quarter of 2024, quarter-over-quarter, with output declining by 1.0% and hours worked declining by 1.8%. Productivity in the durable manufacturing sector declined by 1.0% as output declined by 3.5% and hours worked declined by 2.5%. Productivity in the nondurable manufacturing sector increased by 2.2% as output increased by 1.6% and hours worked declined by 0.5%. Overall, productivity in the manufacturing sector increased by just 0.2% during the last quarter of 2024 compared to the same quarter a year earlier. Unit labor costs in the manufacturing sector increased by 3.3% during the last quarter of 2024, quarter-over-quarter, as hourly compensation increased by 4.1% and productivity increased by 0.8%. On a year-over-year basis, unit labor costs in the manufacturing sector increased by 1.5%. The preliminary results on productivity and unit labor costs were better than expected during the last quarter of 2024. However, the larger than expected trade deficit in goods and services reported yesterday for December has the potential to lower GDP growth during the last quarter of 2024 and thus push labor productivity slightly lower and unit labor cost slightly higher.

Economic Releases

Consumer Confidence: After experiencing large back-to-back monthly increases, the Consumer Confidence Index experienced back-to-back monthly declines, erasing all improvements since September 2024. Both the Present Conditions Index and the Expectations Index weakened in January, suggesting that consumer confidence is softening and optimism about future business conditions and incomes is weakening; however, these indices remain above the threshold that usually signals a recession ahead. This is consistent with our view of an economy that is returning to normal, with positive economic growth, a healthy job market, and inflation levels that (while stubborn and currently increasing) are likely to slowly head back near the Federal Reserve's 2.0% target over the next twelve to eighteen months. The Conference Board reported that the Consumer Confidence Index declined by 5.4 points from an upwardly revised 109.5 in December to 104.1 in January. The Present Situation Index decreased 9.7 points to 134.3, while the Expectations Index declined 2.6 points to 83.9. Dana M. Peterson, Chief Economist at The Conference Board said: "Consumer confidence has been moving sideways in a relatively stable, narrow range since 2022. January was no exception. The Index weakened for a second straight month, but still remained in that range, even if in the lower part." According to the Chief Economist for the Conference Board, Dana M. Peterson, "All five components of the Index deteriorated but consumers' assessments of the present situation experienced the largest decline. Notably, views of current labor market conditions fell for the first time since September, while assessments of business conditions weakened for the second month in a row. Meanwhile, consumers were also less optimistic about future business conditions and, to a lesser extent, income. The return of pessimism about future employment prospects seen in December was confirmed in January."

Consumer Sentiment: The preliminary Consumer Sentiment Index was much lower than expected in February and 11.8% lower than in February of 2024. Both components of the index were lower, and the University of Michigan indicated that the decrease in the index did not discriminate by political leanings. Meanwhile, short-term inflation expectations surged by one full percentage point in February, from 3.3% to 4.3%, while longer-term inflation expectations increased to 3.3%, the highest since June 2008. Inflation expectations numbers were affected by the new administration's decision to implement tariffs, and they could easily come back down once the final index is published later in the month. However, this is not good news for the Federal Reserve. The preliminary results of the University of Michigan Consumer Sentiment Index declined to 67.8 in February of 2025 compared to a reading of 71.1 in January of the same year and a reading of 76.9 in February 2024, down 11.8% year-over-year. The decline in the index was the result of a decline in both components, the Current Economic Conditions Index, which declined to 68.7 in February compared to 74.0 in January 2025 and 79.4 in February 2024, and the Index of Consumer Expectations, which declined to 67.3 from a reading of 69.3 in January of this year and a reading of 75.2 in February 2024. The year-ahead inflation expectation surged from 3.3% in January to 4.3% in February. This was the highest reading since October of 2023. The five-years-ahead also increased, from 3.2% in January to 3.3% in February. The release indicated that "This is only the fifth time in 14 years we have seen such a large one-month rise (one percentage point or more) in year-ahead inflation expectations. The current reading is now well above the 2.3-3.0% range seen in the two years prior to the pandemic." According to the release, the decline in sentiment came from all sorts of political leanings as well as age and wealth groups. It also indicated that "buying conditions for durables" declined 12% as consumers said that it was too late to avoid the negative impact of the new administration's tariffs.

Disclosures

Economic and market conditions are subject to change.

Opinions are those of Investment Strategy and not necessarily those of Raymond James and are subject to change without notice. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. There is no assurance any of the trends mentioned will continue or forecasts will occur. Past performance may not be indicative of future results.

Consumer Price Index is a measure of inflation compiled by the US Bureau of Labor Statistics. Currencies investing is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Consumer Sentiment is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in the first quarter of 1966. Each month at least 500 telephone interviews are conducted of a contiguous United States sample.

Personal Consumption Expenditures Price Index (PCE): The PCE is a measure of the prices that people living in the United States, or those buying on their behalf, pay for goods and services. The change in the PCE price index is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior.

The Consumer Confidence Index (CCI) is a survey, administered by The Conference Board, that measures how optimistic or pessimistic consumers are regarding their expected financial situation. A value above 100 signals a boost in the consumers' confidence towards the future economic situation, as a consequence of which they are less prone to save, and more inclined to consume. The opposite applies to values under 100.

Certified Financial Planner Board of Standards Center for Financial Planning, Inc. owns and licenses the certification marks CFP®, CERTIFIED FINANCIAL PLANNER®, and CFP® (with plaque design) in the United States to Certified Financial Planner Board of Standards, Inc., which authorizes individuals who successfully complete the organization's initial and ongoing certification requirements to use the certification marks.

Links are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.

GDP Price Index: A measure of inflation in the prices of goods and services produced in the United States. The gross domestic product price index includes the prices of U.S. goods and services exported to other countries. The prices that Americans pay for imports aren't part of this index.

Employment cost Index: The Employment Cost Index (ECI) measures the change in the hourly labor cost to employers over time. The ECI uses a fixed "basket" of labor to produce a pure cost change, free from the effects of workers moving between occupations and industries and includes both the cost of wages and salaries and the cost of benefits.

US Dollar Index: The US Dollar Index is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" when compared to other currencies.

The FHFA HPI is a broad measure of the movement of single-family house prices. The FHFA HPI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties.

Disclosures

Import Price Index: The import price index measure price changes in goods or services purchased from abroad by U.S. residents (imports) and sold to foreign buyers (exports). The indexes are updated once a month by the Bureau of Labor Statistics (BLS) International Price Program (IPP).

ISM Services PMI Index: The Institute of Supply Management (ISM) Non-Manufacturing Purchasing Managers' Index (PMI) (also known as the ISM Services PMI) report on Business, a composite index is calculated as an indicator of the overall economic condition for the non-manufacturing sector.

The ISM Manufacturing Index: The The Institute of Supply Management (ISM) Manufacturing Measures the health of the manufacturing sector by surveying purchasing managers at manufacturing firms. The survey asks about current business conditions and expectations for the future, including new orders, inventories, employment, and deliveries.

Consumer Price Index (CPI) A consumer price index is a price index, the price of a weighted average market basket of consumer goods and services purchased by households.

Producer Price Index: A producer price index(PPI) is a price index that measures the average changes in prices received by domestic producers for their output.

Industrial production: Industrial production is a measure of output of the industrial sector of the economy. The industrial sector includes manufacturing, mining, and utilities. Although these sectors contribute only a small portion of gross domestic product, they are highly sensitive to interest rates and consumer demand.

The NAHB/Wells Fargo Housing Opportunity Index (HOI) for a given area is defined as the share of homes sold in that area that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.

Conference Board Coincident Economic Index: The Composite Index of Coincident Indicators is an index published by the Conference Board that provides a broad-based measurement of current economic conditions, helping economists, investors, and public policymakers to determine which phase of the business cycle the economy is currently experiencing.

Conference Board Lagging Economic Index: The Composite Index of Lagging Indicators is an index published monthly by the Conference Board, used to confirm and assess the direction of the economy's movements over recent months.

New Export Index: The PMI New export orders index allows us to track international demand for a country's goods and services on a timely, monthly, basis.

Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.

The Conference Board Leading Economic Index: Intended to forecast future economic activity, it is calculated from the values of ten key variables.

Source: FactSet, data as of 1/31/2025

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM