

MORAN MONTHLY DIGEST

Insights From Our Founder

Dear Valued Clients,

The summer months usually bring a sense of calm and relaxation. Yet, the financial world remains notably dynamic and fast-paced. This year, the season's typical tranquility doesn't extend to the markets. Let's dive straight into some key developments within the economy and financial markets.

The Banking System: In response to the \$16 billion shortfall in the Deposit Insurance Fund, the FDIC has proposed a 'special assessment' fee affecting banks with substantial uninsured deposits. Banks with assets over \$50 billion would bear over 95% of the burden, which could potentially lead to a 3% decrease in their earnings per share. However, most mid-and-small-cap banks are likely to evade the assessment entirely. This approach aims to protect smaller community banks, vital to local economies, ensuring the continued stability and diversity of the banking industry. While it would affect the earnings of larger financial institutions, we expect a minimal widespread effect on the broader market.

The Debt Limit: Grappling with a \$1.5 trillion deficit, the U.S. risks failing to meet financial obligations if the debt ceiling isn't raised. Historically, a last-minute agreement is typically reached, but this could mean heightened market unrest and investor anxiety, particularly in the stock market. Drawing parallels with 2011 when the stock market experienced a drop during the debt ceiling negotiations, we are observing similar signs of instability in the current market. On the bright side, we believe progress has been made and expect a resolution before the June 1st deadline the Treasury Department imposed.



Thomas M. Moran AIF®
Chairman | CEO | CIO

WHAT'S INSIDE

[Recognition](#)

[Client Updates](#)

[Featured Strategy](#)

[New Hire](#)

[Philanthropy](#)

[Contact Us](#)

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Insights From Our Founder Cont.

The Economy: We are still forecasting a likely mild recession in late 2023 or early 2024. Coincident indicators, such as employment, construction, and lending, point towards a currently healthy economy. However, the more forward-looking, predictive indicators show a negative trend. An inverted yield curve, a reliable recession indicator, has been present since November 2022. Consumer confidence is near multi-year lows, and the Leading Economic Indicators (LEI) index signals pre-recessionary conditions. However, positive coincident indicators such as robust employment data, stable construction spending, and high bank loan creation rates, albeit slowing, suggest that the economy is currently healthy. Given these mixed signals, we are committed to continually monitoring the economic landscape and will update you as the situation becomes clearer.

The Fed: The Federal Reserve faces a tightrope walk. The Federal Reserve's objective to counteract inflation with rate hikes could inadvertently place significant stress on consumers and the banking system. Conversely, unchecked inflation could lead to rampant price increases, causing widespread economic harm. This unchecked inflation could also result in tighter borrowing conditions for the private sector, leading to increased mortgage and corporate borrowing rates, and potentially even leading to a freeze in credit markets. Despite these challenges, the Fed targets sub-2% inflation, predicted post-2024. We believe a more reasonable target is an inflationary rate of 3 to 3.5% for the foreseeable future. We are also expecting the Fed to maintain the Fed discount rate for longer than the market currently predicts. This disconnect between the Fed and the market also adds to the uncertainty over the next few months.

We are grateful for your continued trust in our services and invite you to contact us should you have any queries or wish to discuss these developments further. Enjoy the forthcoming summer months and the slower pace it brings - we'll continue keeping a steady eye on the economy.

Warmest Regards,
Tom

RECOGNITION

Chelsea R. Ganey named BGS Chapter Honoree 2023

We are honored to announce our Chief Strategy Officer, Chelsea Ganey, CFA®, has been recognized by the international honor society, Beta Gamma Sigma, as their 2023 Honoree. Check out the [article](#) to learn more about Chelsea's contributions to the Florida Gulf Coast University Lutger College of Business Chapter.



CLIENT UPDATES

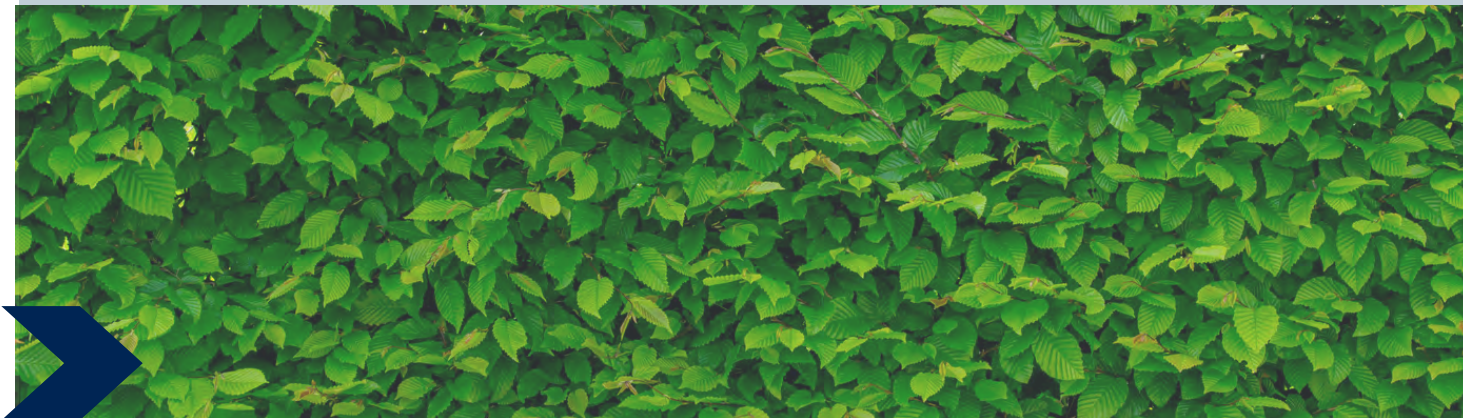


Acquisition of Pelican Bay Capital Management LLC

As previously shared, [Pelican Bay Capital Management LLC](#) was acquired by Moran Wealth Management[®] in January 2023. This does not have any effect on your client relationships or the management of your accounts at Moran Wealth Management[®].

Pelican Bay Capital Management LLC is now a subsidiary of our firm. As a result of this acquisition, clients of Moran Wealth Management[®] will have access to PBCM's two fundamentally driven value portfolios—Concentrated Value (VALU) and Dynamic Income Allocation (DIAP).

FEATURED STRATEGY



Featured Strategy

Your financial advisor will begin building your portfolio by first identifying your unique investment style based on a variety of factors, such as income, risk tolerance, diversification, investment and financial goals, and preferred market exposure. This will help us select a suitable strategy for you, allowing us to use a personalized approach to asset allocation and securities selection that meets your needs and yields the desired short-and long-term results.

This month we would like to highlight our **HDGE strategy**.

Our **Hedge Equity** strategy seeks to provide reduced exposure to equity markets and low correlation to traditional asset classes while maintaining the potential for long-term returns. The strategy uses a custom methodology to select long positions in equity, fixed-income, and alternative securities that, in the manager's view, are consistent with the objectives of the strategy. The manager uses both strategic and tactical asset allocation to determine the investment composition of the strategy. With the possibility of good risk-adjusted returns and lower correlation to broader market movements, hedged equity funds can offer numerous advantages to investors.

The strategy is a complex investment vehicle and may not be suitable for all investors. It does not represent a complete investment program.

For more information check out our [Hedge Equity Factsheet](#).

WELCOME TO THE TEAM



[Arian Mirfakhraee - Portfolio Manager](#)

A native of Maryland, Graduating in Finance from the University of Maryland College Park, he holds his Series 7 and 63 certifications. Arian has experience working with various ETF asset classes, he previously served as a Capital Markets Senior Associate at JP Morgan Asset Management® and before that, he was a Senior Analyst and Trader – Portfolio Management at ProShares. Arian has also worked for FINRA and Bloomberg.

He loves giving back, including donating his time to the nonprofit organization, Children of Persia. Growing up, Arian was a competitive youth bowler who most recently used his athletic side to coach and manage various soccer teams.

PHILANTHROPY



Featured Charity

Philanthropic giving is one of the many ways we can make a difference in our community. At Moran Wealth Management[®], we are privileged to have served over 30 charities and counting through financial donations and volunteer efforts.

We seek to bring awareness, advocacy, and resources to those in need. Today we would like to highlight [Baker Senior Center Naples](#).

Baker Senior Center Naples provides support to seniors living in Collier and Southern Lee Counties with programs and services including dementia respite support, geriatric case management, mental health services and a food pantry.

To learn more about this organization, click the [video](#) below.



Please feel free to call us to schedule a private meeting [239.920.4440](tel:239.920.4440).

To learn more about Moran Wealth Management[®] visit our [overview page](#) or our [services page](#) for more information.

Stop by our office at [5801 Pelican Bay Blvd Suite 110 Naples, FL 34108](#).

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