

FEBRUARY 2024

## MORAN MONTHLY DIGEST

### Insights From Our Founder

Dear Valued Client,

This month, the stock market has achieved a remarkable milestone, with the S&P 500 hitting a new all-time high of 4,927.93 on January 30th. This has historically been a bullish signal for stocks as the occurrence of new highs generally foreshadows an above-average performance in the following months. However, a closer examination of the broader economic indicators and consumer behavior paints a significantly more complex picture. This juxtaposition is central to our economic commentary, where we will aim to dissect these seemingly incongruent narratives and provide a clear-eyed perspective on their potential future implications.

#### Consumer Behavior: A Closer Look

Despite the stock market reaching record highs, the American consumer is painting a very different story. There's a notable increase in consumer debt, with default rates climbing to worrying levels; for instance, defaults on used cars have now surpassed the peak levels observed in 2008. This financial strain is further evidenced by a shift in tax behavior, where individuals are withholding less, potentially leading to significant unforeseen tax liabilities.

In parallel, there's a distressing shift towards increased reliance on layaway plans, underscoring a concerning scarcity of cash reserves among consumers. This issue dovetails with the housing sector's challenges, where mortgage delinquencies are climbing, and real estate affordability has plummeted to a 20-year low.



Thomas M. Moran AIF®

Chairman | CEO | CIO

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### Insights From Our Founder Cont.

Such conditions are due to soaring home prices and mortgage rates, which, in turn, pressurize the rental market and exert a substantial impact on the Consumer Price Index (CPI).

Further complicating the financial landscape is the growing trend of borrowing against 401K plans, which shines a light on the acute liquidity crunch many are facing. Compounding this issue is the reluctance of banks to extend credit, primarily due to fears of increased government regulation. This hesitance forces consumers towards high-interest credit options, perpetuating a cycle that historically does not bode well.

#### **The Dissonance of Market Dynamics**

Amid these signs of dwindling U.S. consumer strength, the stock market's performance appears even more incongruent when considering other underlying economic fundamentals. Notably, corporate debt is poised to escalate due to rising interest payments, potentially eroding corporate profits. In parallel, the labor market exhibits signs of stress, with reductions in temporary help and work hours, often precursors to broader economic downturns. Despite a continuous decline in leading indicators for a staggering 20 months and the presence of the largest historic inverted yield curve—a traditional harbinger of recessions—the stock market has maintained its upward trajectory.

This paradox is starkly evident when considering market valuations, which have soared to all-time highs even amidst a downturn in corporate earnings for four of the last five quarters. The inflated Price-Earnings (PE) ratio, coupled with a market concentration heavily skewed towards a handful of tech stocks, presents a puzzling scenario for investors.

However, 2024 may herald a shift. We believe that stocks that excelled in 2022, particularly dividend and value stocks, may return in favor. There's a discernible opportunity in non-mega cap stocks – large caps, mid-caps, and small caps – which are currently priced more attractively relative to tech giants.

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Coupled with this, if historical patterns hold true in this presidential election year, a positive market finish is likely, as seen in 19 out of the last 23 elections dating back to 1928. Such periods have typically yielded a market's annual return averaging 11.0% when a Democrat incumbent is succeeded by another Democrat, and an average of 12.9% when the baton passes from a Democrat to a Republican. Building on this historical context, we are predicting a "barbell" pattern with stronger performance in Q1 and Q4, and a softer middle of the year, culminating in the year with moderate single-digit gains at the end of 2024.

#### **Strategic Insights and Investment Directions**

In light of these observations, we favor value over growth stocks for 2024. Value stocks, trading at about half the PE rate and not having fully participated in the recent market upsurge, present attractive opportunities. Historically, the risk premium, the excess return over a risk-free rate, is low; value stocks tend to outperform in such scenarios.

Moreover, sectors like utilities, which underperformed last year, historically tend to rebound strongly. This pattern reinforces our confidence in a strategic pivot towards dividend-yielding and value stocks.

#### **Closing Thoughts**

As we navigate this period of discordant economic signals and market dynamics, we are committed to providing you with insightful, data-driven economic commentary. We believe that a nuanced understanding of these market dynamics, coupled with a strategic, diversified approach to investment, can turn these challenges into opportunities for growth and stability.

We value your trust and are here to support you every step of the way. Should you have any questions or wish to discuss your investment strategy further, please do not hesitate to contact us.

Warm regards,  
Tom

# CLIENT UPDATE



## Digital Privacy & Protection

In today's era of advancing technology and the prevalence of artificial intelligence, it's crucial to take a proactive approach towards enhancing your digital security.

[Digital Privacy & Protection](#) aims to safeguard not only your cyber security but also your online privacy by offering a range of services, including cyber education courses, property registration to shield you from fraud, opt-out services for pre-approved credit and insurance mailers, vigilant monitoring of the Dark Web to detect potential information breaches, and much more!

**This digital privacy and protection offer is exclusively for Moran Wealth clients.** We strongly recommend utilizing these services to fortify your digital defenses and enjoy a worry-free online experience. To access these valuable services, Moran Wealth clients will need to sign up for an initial yearly subscription, starting at \$35 a month\*. This will include protection for three devices. For more information please contact one of their Cyber Protection Experts at <https://www.dpripro.com/contactus>.

Check out the video linked below on how you can best protect yourself and your family.



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\*\$35 per month for the first three devices (i.e., mobile phones, tablets, laptops, and desktop computers) covered under your subscription. \$5 per month more for up to an additional three devices. All devices share one password manager and private email account. The initial subscription is for one year, quarterly thereafter. Please see DPP Sublicensing and Services Agreement for all terms.

# RECOGNITION

## CONGRATULATIONS

Michael Mongin, CPWA®

CERTIFIED PRIVATE  
WEALTH ADVISOR

Your designation as a Certified Private Wealth Advisor by the Investments and Wealth Institute gives us another reason to be proud you're on our team.



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**Michael Mongin, CPWA®**  
Senior Vice President



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SCAN ME

## RECOGNITION



### InvestmentNews [Top Regional Fee-Only RIAs](#)

Moran Wealth was recognized by InvestmentNews as one of the Top 25 Regional Fee-Only RIAs in the South!

This prestigious award celebrates the dedication of the top 100 fee-only RIAs across the nation who consistently provide exemplary service to their clients.

Through a combination of expertise, personalized attention, and client-first mentality, they have established themselves as trusted partners in guiding individuals and families toward financial success.

FinancialPlanning

**2023** RIA  
Leaders

### Financial Planning [2023 Top RIA Leaders](#)

Moran Wealth ranked #1 in the Southwest Florida Region!

This recognition marks the first time that Moran Wealth has been included in the Top RIA Leaders list.

The Top RIA Leaders ranking is an annual assessment, focusing on fee-only firms with the highest assets under management. To qualify, these firms must meet a rigorous six-part criteria, ensuring that they do not engage in any form of commission-based practices.

This year's list represents a collective total of over \$812 billion in assets under management, distributed across nearly 750,000 client accounts.

# FEATURED STRATEGY



## **Strategic Growth (GROW)**

This month we would like to highlight our **Strategic Growth (GROW)**.

Our Strategic Growth strategy seeks long-term capital appreciation by investing in high growth companies. To achieve this goal, the manager will invest primarily in a range of small to large capitalization companies that, in the manager's opinion, will demonstrate consistent top line or sales growth. This strategy, by itself, is not a balanced investment plan and may not be appropriate for investors with a lower risk tolerance.

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 on **GROW** and other strategies, please visit: [Moran Wealth Strategies](#)

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.

# 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 **Habitat for Humanity of Collier County**.

Habitat for Humanity of Collier County is a local branch of a global nonprofit housing organization that operates based on Christian principles. Their mission is to manifest God's love by actively building homes, fostering communities, and nurturing hope. This nonprofit is committed to eradicating substandard housing both locally and globally. They achieve this by constructing, rehabilitating, and preserving homes, advocating for fair housing policies, and offering training and resources to help families enhance their living conditions.

**Give To the Max** is a remarkable opportunity for you to maximize the impact of your generosity. With a \$2 million matching fund this year, Habitat Collier aims to raise an additional \$2 million from supporters in Collier County and beyond, creating a total of \$4 million! **Please consider making a donation before February 5th to participate in the match.**

To learn more about Give To the Max checkout:  
[Habitat Collier Give to the Max](#)



# Save The DATE

## Moran Wealth Management Free Shred-A-Thon

**March 22nd, 2024  
10:00 a.m. to Noon.**

**5801 Pelican Bay Blvd, Naples, FL 34108**

**The shred truck will be parked on the far  
South side of the property between the  
Wells Fargo Advisors building and the  
Truist Bank building.**

*Protect yourself from identity theft by bringing your confidential documents for on-site shredding. Sensitive documents can include pay stubs, canceled checks, financial and credit card statements, paid bills, old tax filings, and other documents that include confidential information such as account numbers or Social Security numbers.*

### UPCOMING SEMINARS

Eager to learn our financial advisors' perspectives on the latest economic trends and financial planning strategies?

Join us at one of our educational seminars for in-depth insights. Our team will share a comprehensive view of the newest trends, opportunities, and challenges for the market and financial planning.

Visit: [The Moran Wealth Seminar Calendar](#) to check out our upcoming seminar dates.

You can register [online](#) or call our seminar reservation line at 239-513-2511 to reserve your seat. We look forward to hosting you!

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