



MORAN
WEALTH MANAGEMENT®

OCTOBER 2023

MORAN MONTHLY DIGEST

Insights From Our Founder

Dear Clients,

It has been a joy to see many of you at our recent Client Welcome Back receptions! Your presence is a testament to the sense of community we deeply value. We look forward to welcoming you this season at one of our forthcoming events, including seminars, client dinners and more.

When examining the current state of the economy, it's evident that the U.S. consumer is facing significant challenges. Despite the Fed maintaining high interest rates, core inflation remains stubbornly elevated. This is largely because of persistently high rental prices, putting additional financial pressure on consumers. A combination of rising mortgage rates and gas prices, at their highest in two decades, adds further strain. We anticipate additional financial hardship due to the resumption of student loan repayments combined with dwindling pandemic savings. Consequently, credit card delinquencies are skyrocketing, and tax withholdings are at an all-time low—signs that consumers have current cash needs. While a short-term remedy, this trend portends the U.S. consumer no longer has the discretionary income necessary to drive economic growth.

The economic strain isn't limited to households; it's affecting the broader economy as well. Companies appear more hesitant to hire, as shown by the recent drop in the Job Openings and Labor Turnover Survey (JOLT) rate. While this may reflect the Federal Reserve's finally seeing some success in loosening the tight labor market, it also suggests an overall economic slowdown. In fact, a decline in temporary-help employment has historically preceded every recession since 1990.



Thomas M. Moran AIF®

Chairman | CEO | CIO

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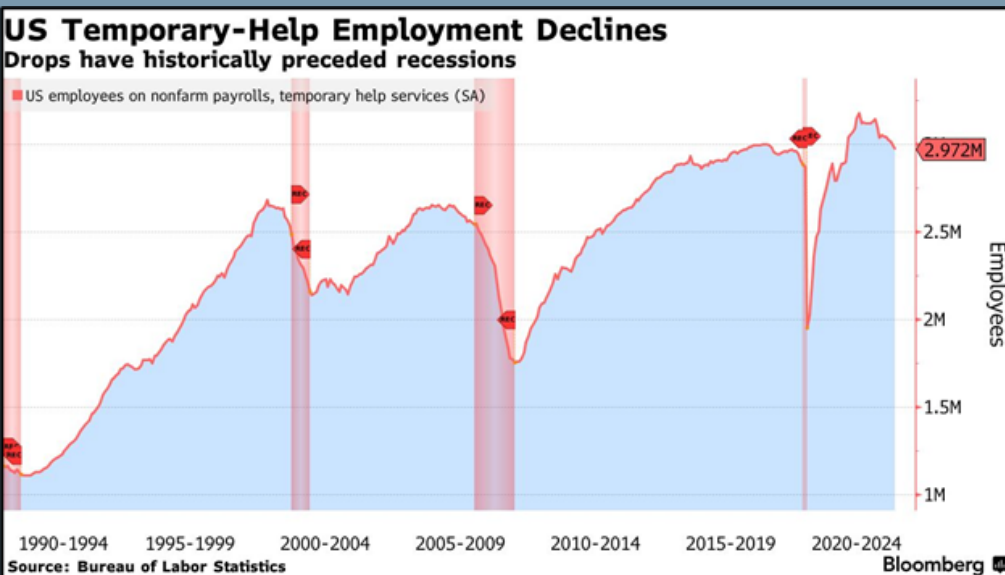


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We therefore believe the odds of the Fed raising rates in November are low. The ongoing crisis in the Middle East renders a Fed rate hike in November even more improbable. The Fed may decide to permanently halt its recent rate hiking campaign, marking July as its last increase. Given recessions historically follow about 11 months after the Fed's final rate increase, we could see a recession in the latter half of 2024. Furthermore, the recent 'un-inversion' of the yield curve since July, with the spread between the 2-year and 10-year yields narrowing from 1.1 percentage points to 0.29 points, indicates that a recession is getting closer. The Leading Economic Index® (LEI), which measures leading economic indicators, declined once again in September, also flashing warning signs of a recession.



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Despite these pessimistic economic signals, the stock market has shown resilience, posting a year-to-date increase of just over 10%. However, there is a noticeable discrepancy between the Fed's liquidity stance and stock market performance. While the money supply in the economy is contracting, stock valuations remain elevated, which challenges conventional economic logic. Our perspective is that this disparity will eventually reconcile, with stock prices adjusting downward. Given that we don't anticipate the Fed lowering interest rates anytime soon, our outlook for stocks is increasingly cautious. Concurrently, a shrinking equity risk premium makes bonds increasingly appealing, with stock yields trailing behind 3-month treasury bills for the first time since the late '90s.

However, a silver lining exists. As we move into the fourth quarter, historical data suggests that U.S. stocks have historically risen 4% during this period since the inception of the S&P 500 in 1957. Given this trend, we believe stocks may continue to benefit from this seasonal boost. Moreover, 82% of companies have surpassed their Q3 earnings predictions, indicating a potential shift after three prior negative reports. This positive adjustment in analysts' estimates could further bolster stock performance.

That said, this positive trend may be short-lived, as these earnings are outperforming low expectations from analysts. With interest rates expected to remain high, increased corporate debt servicing costs could strain companies, possibly leading to a recession in late 2024. It's crucial to remember that the stock market often acts as a leading indicator of economic trends. A critical question emerges: When will stocks begin to reflect the anticipated recessionary pressures? Our analysis suggests that market positivity may persist into the first quarter of next year, but we anticipate a mild bear market emerging in the second quarter.



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We believe that this recession will be shallow because the fundamentals of certain key sectors, like housing, remain strong. The ongoing shortage of houses, combined with people's hesitation to move, is expected to support real estate prices, which should offer an economic buffer during this next recession. While equity returns will be below their long-term averages, approximately 50% of the time the market still eeks out a positive year during a recession. Therefore, our projection for next year remains cautiously optimistic, expecting only a mild recession. And while our outlook for the latter half of 2024 is cautious, we remain positive about the prospects for the next five months.

For long-term investors, we advise to stay the course with your current portfolio, as we forecast the market to end on an upbeat note by the end of next year. However, investment decisions should always align with individual risk tolerance and financial circumstances. If you have any concerns, we advise a consultation with a financial advisor on our team to tailor your allocation to your unique needs.

Our team remains steadfast in our commitment to navigating this current economic climate. Your financial resilience and prosperity are our paramount concern. We are at your service for any inquiries or further insights.

Warmest Regards,
Tom

RECOGNITION



FGCU's Bloomberg Terminal Lab

We are thrilled to announce our donation to fund the Bloomberg Terminal Lab and the Moran Wealth Management Classroom at FGCU. This contribution was celebrated at a memorable ribbon-cutting ceremony, where our team had the honor of attending alongside current students, alumni, and university professionals, including President Aysegul Timur and Dean Chris Westley of the Lutgert College of Business.

The Bloomberg Lab bridges the gap between academia and the practical realities of the financial industry. This integration of real-world tools into the classroom not only enriches students' academic pursuits but also equips them with essential skills and insights crucial for a successful career in the financial sector.

At Moran Wealth, we are committed to fostering education, innovation, and growth. We are proud to strengthen our bond with FGCU and look forward to a future rich in collaboration and shared success.



RECOGNITION

Nationally Ranked. Locally Grown.

Forbes Ranks Moran Wealth
as the #1 RIA Firm in Southwest Florida

Forbes America's Top RIA Firms 2023

We are honored to announce that Moran Wealth Management® has been included in the 2023 Top RIA Firms ranking for Forbes!

Our firm is dedicated to safeguarding our clients' best interests by upholding principles of transparency, integrity, and advocacy. This recognition affirms our commitment to delivering exceptional service and tailored financial solutions that place your goals and financial well-being at the forefront.

Check out the 2023 Top RIA Firms Ranking in the link below.

[**America's Top RIA Firms 2023 \(forbes.com\)**](https://www.forbes.com/advisor/investing/ria-firms-ranking/2023/)

RECOGNITION

CONGRATULATIONS

Julie Rich, CFP®

CERTIFIED FINANCIAL PLANNER

Julie has achieved the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation by meeting rigorous educational, training and ethical standards. We're proud of her commitment to always serving clients' best interests.

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Julie Rich, CFP®
Senior Vice President



CLIENT UPDATES



Required Minimum Distributions

The deadline for the Required Minimum Distribution (RMD) is **December 31, 2023**.

It's crucial to note that the IRS imposes penalties for missed distributions, which is why we aim to process all distributions by **mid-December**.

If we have processed an IRA distribution for you in the past, we may already have the necessary paperwork on file to proceed in accordance with those specific instructions.

New paperwork is required if you would like to change the federal tax withholding or if you have changed the receiving checking account this year.

You may elect to donate directly to a charitable organization from your IRA, also known as a **Qualified Charitable Distribution (QCD)**. It's always best practice to contact your tax professional to see how you may benefit from charitable giving. We recommend initiating the request early to ensure timely processing.

If you call our office and your primary contact is unavailable, we invite you to speak with any other qualified associate. Any of our operations team members can provide the exceptional service in which you are accustomed to. Kindly contact us at **239.920.4440**.

FEATURED STRATEGY



Small Mid Cap Strategic Beta (SMID)

This month we would like to highlight our **Small Mid Cap Strategic Beta (SMID)**.

Our **Small Mid Cap Strategic Beta** strategy seeks to generate high risk-adjusted returns and long-term outperformance of the Russell 2500 Index by investing in US traded small- and mid-capitalization companies. The strategy uses a rules-based multifactor quantitative model to invest in companies that exhibit positive momentum, attractive valuations, strong fundamental qualities, favorable growth, and technical factors.

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 SMID and other strategies, please visit our website at <https://moranwm.com/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 **Naples Children & Education Foundation**.

The Naples Children & Education Foundation (NCEF) was established in 2000 with the vision of making a profound and sustaining difference in the lives of children in Collier County. NCEF's founding Trustees created its annual fundraiser, the Naples Winter Wine Festival, in order to meet its mission to support programs that improve the physical, emotional and educational lives of underprivileged and at-risk children. NCEF's unique approach, which emphasizes collaboration between its 60 beneficiaries and bridges public and private resources, has become a blueprint for how to transform a community, one issue at a time. Through the traditional grants process as well as focusing on its seven strategic initiatives, an emphasis is put on serving the whole child. This holistic approach to grantmaking ensures that children are provided with the resources and services needed to succeed and thrive.

The Annual **Naples Winter Wine Festival** will be taking place **January 26th to January 28th, 2024!** Since its inception in 2001, the Naples Winter Wine Festival has raised approximately \$269 million for children in need. If you are interested in purchasing tickets to the Festival; please contact [Lisa Juliano](#).

To learn more about this organization, visit their website: [NCEF](#)

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: <https://moranwm.com/resources/#seminar-cal> 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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