



## Monthly Digest

JANUARY 2026

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Your Vision. Our Solutions.



**THOMAS M. MORAN, AIF®**  
CHAIRMAN | CEO | CIO

## 2026 Economic & Market Outlook: Selectivity in a Late-Cycle World

As we look ahead to 2026, many of the themes we have discussed in recent years remain in place. The global economy continues to expand, corporate earnings remain resilient, and markets are supported by powerful secular forces—most notably artificial intelligence (AI). At the same time, familiar late-cycle risks have intensified, including elevated valuations, market concentration, widening fiscal deficits, and rising geopolitical complexity. The defining feature of 2026 is less about whether growth persists and more about where it persists and at what price.

# MORAN MONTHLY DIGEST JANUARY 2026

## **ECONOMIC GROWTH: SLOWING, NOT STALLING**

The U.S. economy enters 2026 with momentum, though at a more measured pace. Consensus expectations among investors and economists suggest inflation-adjusted GDP growth in the range of 2.0% to 3.0%, supported by consumer spending, fiscal support, and continued corporate investment.

Economic activity has remained more resilient than many initially expected. Consumption continues to be the primary driver of growth, particularly among higher-income households. The top 10% of U.S. households now account for nearly half of total consumption, highlighting the importance of wealth effects in sustaining demand. As a result, sectors tied to affluent consumers—such as experiences, healthcare, and premium services—have generally outperformed, even as affordability pressures weigh on broader segments of the population.

## **MONETARY POLICY AND RATES: HIGHER FOR LONGER, WITH IMPLICATIONS**

While inflation has moderated from its post-pandemic peak, it remains elevated relative to the Federal Reserve's long-term target. Inflation is expected to remain in the high-2% to low-3% range, which may limit the pace and magnitude of future rate cuts. As a result, interest rates are likely to remain structurally higher than in the prior decade.

Bond markets are already reflecting this environment. Despite rate cuts late in 2025, the 10-year U.S. Treasury yield remains elevated, with scenarios placing it between 4.5% and 5.0% in 2026 should fiscal expansion persist. Higher rates have meaningful implications for equity valuations, as higher discount rates tend to pressure valuation multiples—particularly for companies whose expected cash flows are further in the future.

## MORAN MONTHLY DIGEST JANUARY 2026

### **EQUITY MARKETS: SOLID EARNINGS, NARROW LEADERSHIP**

U.S. equities enter 2026 from a position of relative strength. Consensus assumptions point to mid-single-digit to low double-digit total return potential, driven primarily by earnings growth rather than further valuation expansion. While this supports a constructive outlook, it also suggests a more selective and fundamentals-driven market environment.

Valuation dispersion remains pronounced. The S&P 500 trades near 23x forward earnings, while the equal-weight index trades closer to 17x, underscoring the degree of market concentration. The largest companies now represent a historically high share of total market capitalization—levels often observed late in market cycles.

This does not argue against owning high-quality market leaders, many of which remain dominant and highly cash-generative. However, it does suggest that broad, index-level returns may moderate, while return dispersion across individual stocks increases. In this environment, security selection and valuation discipline become increasingly important.

Research published in *The Journal of Portfolio Management* suggests that the post-2018 dominance of capitalization-weighted indexing reflected excess liquidity rather than a decline in active management skill. As liquidity conditions normalize, dispersion across individual stocks has historically increased—an environment in which disciplined active strategies have tended to add value. In this context, allocating to passive indexes is no longer a neutral decision, but an implicit assumption that elevated concentration persists.

## MORAN MONTHLY DIGEST JANUARY 2026

### **ARTIFICIAL INTELLIGENCE: LONG-TERM TAILWIND, NEAR-TERM TRADE-OFFS**

AI remains one of the most significant secular forces shaping the global economy. Capital spending on AI infrastructure has been substantial, with large technology firms expected to invest heavily through 2026. While this investment has supported near-term earnings and economic growth, it increasingly resembles a front-loaded infrastructure build-out rather than an immediate productivity payoff.

This dynamic contributes to concerns around elevated expectations for AI-related returns. Historical examples of general-purpose technologies—such as electricity and the internet—suggest that broad productivity gains often require years of complementary investment. In the interim, elevated capital expenditures can support revenues while pressuring margins through depreciation, compensation costs, energy usage, and rapid hardware obsolescence.

We remain constructive on AI's longer-term, second-order effects. Productivity gains are beginning to emerge beyond the largest technology firms, including in healthcare, logistics, manufacturing, and professional services. Estimates suggest AI could meaningfully lift productivity growth over the next decade, although these benefits are unlikely to accrue evenly. Companies that successfully integrate AI into core operations may be better positioned than those focused solely on supplying hardware or compute.

For markets, this implies a more measured return profile. AI may continue to support long-term earnings growth, but near-term performance is likely to depend more on capital efficiency, margin discipline, and valuation.

# MORAN MONTHLY DIGEST JANUARY 2026

## **FIXED INCOME AND ALTERNATIVES: OPPORTUNITY WITH SELECTIVITY**

Higher interest rates have restored the role of fixed income within diversified portfolios. Entering 2026, the 10-year U.S. Treasury yield remains near multi-year highs, improving the forward return profile of high-quality bonds. With the yield curve no longer deeply inverted, bonds may once again provide income, diversification, and potential downside protection, particularly when approached with careful duration and credit selection.

We also continue to monitor the growth of private credit and non-bank lending. While this segment has expanded rapidly and offers attractive yields, it also introduces additional risks, including limited liquidity, reduced transparency, and varying underwriting standards. In our view, manager selection, deal structure, and borrower quality are critical considerations when allocating to less liquid strategies, particularly in a higher-rate, late-cycle environment.

## **FISCAL AND GEOPOLITICAL RISKS: PERSISTENT, BUT SECONDARY**

The U.S. fiscal outlook remains a long-term consideration. Federal debt exceeds \$38 trillion, or roughly 120% of GDP, which may constrain future policy flexibility and contribute to higher term premiums over time. While markets have largely absorbed these dynamics, persistent deficits could continue to influence interest rates and volatility.

Geopolitical risks also remain elevated, including U.S.–China competition, regional conflicts, and supply-chain realignments. Historically, markets have tended to recover from geopolitical shocks unless they materially disrupt growth, capital flows, or liquidity. In 2026, these risks are more likely to contribute to episodic volatility and sector-level dispersion than to alter longer-term market trends.

## MORAN MONTHLY DIGEST JANUARY 2026

### **INTERNATIONAL EQUITIES: BROADER OPPORTUNITY SET**

Following a strong showing in 2025, international equities enter 2026 with relatively attractive valuations. While outcomes will vary by region, global markets offer a broader opportunity set beyond the U.S., where valuations remain elevated.

Several international markets are seeing improving fundamentals, including increased fiscal spending in Europe, ongoing corporate governance reforms in Japan, and selective opportunities in emerging markets. In a market environment characterized by elevated U.S. valuations and narrow leadership, selective international exposure may provide diversification and differentiated sources of return.

### **INVESTMENT IMPLICATIONS: A MARKET THAT REWARDS JUDGMENT**

The overarching takeaway for 2026 is continuity with nuance. Economic growth continues, but unevenly. Innovation remains a powerful force, but returns are more differentiated. Valuation discipline matters again.

For long-term investors, this environment may favor:

- High-quality businesses with durable cash flows;
- Select exposure to AI beneficiaries beyond the largest incumbents;
- Greater emphasis on valuation and risk management; and
- Diversification across asset classes and geographies.

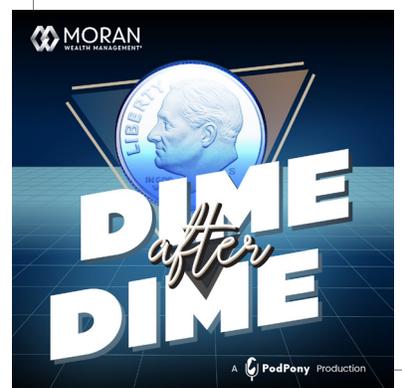
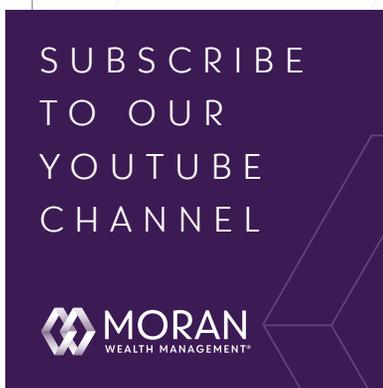
Late-cycle markets rarely end due to optimism alone; they tend to turn when expectations become misaligned with fundamentals. In 2026, we believe opportunities remain for investors who remain patient, selective, and disciplined.

At Moran Wealth Management®, our focus remains unchanged: helping clients navigate complex markets with clarity, manage risk across cycles, and stay aligned with long-term financial objectives—regardless of short-term market narratives.



# **CLIENT UPDATES**

# MORAN MONTHLY DIGEST JANUARY 2026



## CLIENT UPDATES

### A Thoughtful Start to the Year

A new year invites perspective. January is a natural time to reflect on the markets and consider your broader financial picture as the year ahead takes shape.

As 2026 begins, we are continuing our commitment to education through a new series of [in-person seminars](#). These sessions offer the opportunity to hear directly from Tom Moran, engage in thoughtful discussion, and explore current market conditions and long-term planning considerations.

Whether you choose to attend a seminar, [meet with our team one-on-one](#), or [explore our Insights content](#), our focus remains the same: providing clear education, thoughtful analysis, and steady guidance in an increasingly complex financial landscape.

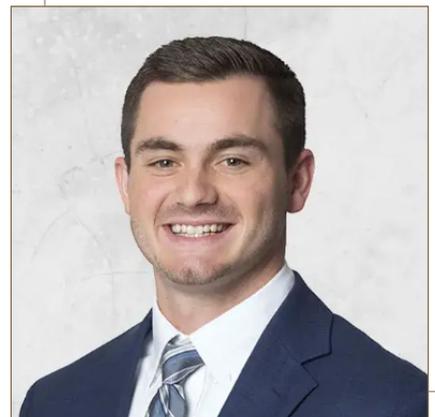
CLIENT UPDATES

# Growth Is in Our DNA: Employee Milestones

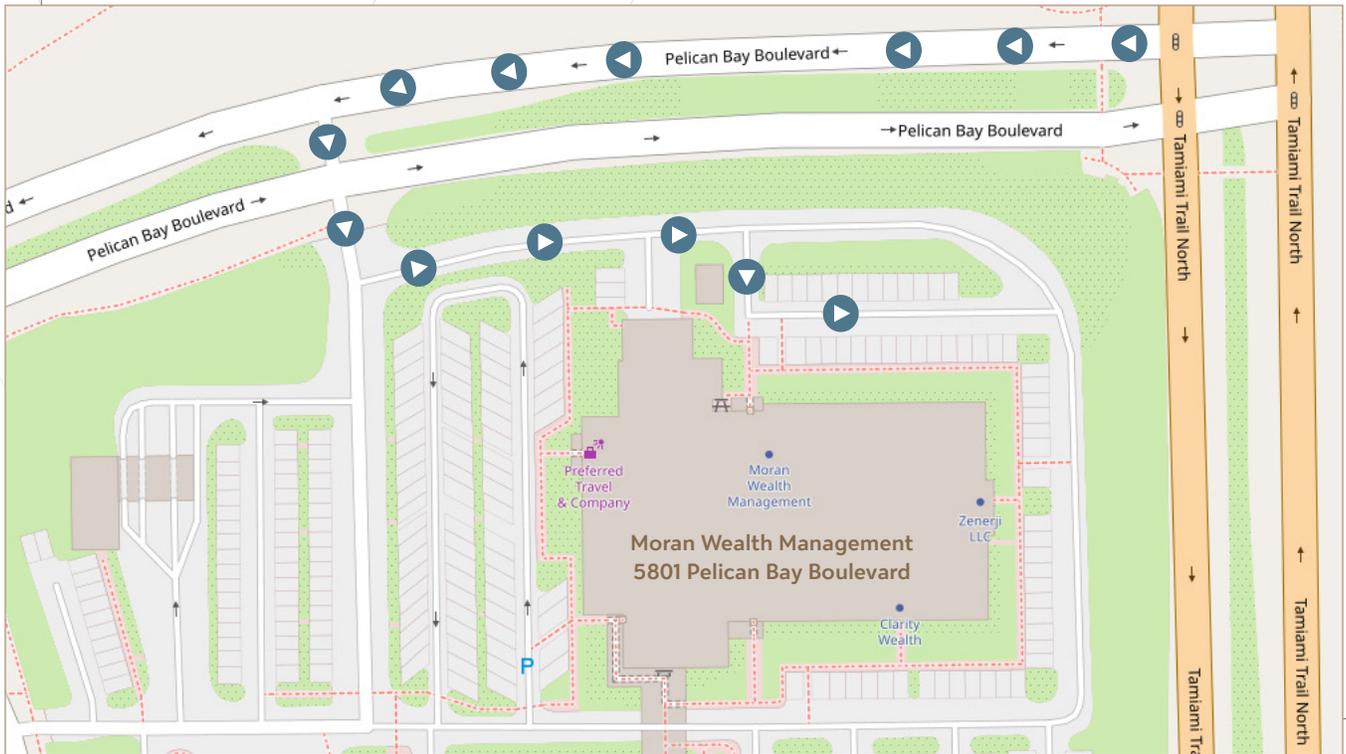
Please join us in congratulating Ben Hermiston, Stefanie Murray, and Adam Masterson on their promotion to Financial Consultants.

In this role, they will work closely with clients to support thoughtful planning and clear decision-making—always grounded in each family’s goals, priorities, and long-term perspective.

Ben, Stefanie, and Adam have built a strong foundation of financial knowledge and have consistently delivered exceptional service since joining the firm. We’re grateful to have them on our team and proud of the care and professionalism they bring to every relationship.



[LEARN MORE ABOUT OUR CONSULTANTS](#)



## CLIENT UPDATES

# MWM Shred-A-Thon

Moran Wealth Management® will host a complimentary Shred-A-Thon on **Friday, March 27, from 10:00 a.m. to 12:00 p.m.**, offering clients and guests a secure and convenient opportunity to safely dispose of sensitive documents. A professional on-site shred truck will be available to ensure confidential materials are destroyed properly, helping protect against identity theft and unwanted exposure of personal information.

The event will take place at **5801 Pelican Bay Boulevard** in Naples, with the shred truck located in the North Parking Lot for easy access. Guests are encouraged to bring documents containing personal, financial, or medical information and enjoy a simple, efficient drop-off experience. We look forward to welcoming you for this practical service and another opportunity to connect with the Moran Wealth Management® community.



**FIRM  
UPDATES**



## FIRM UPDATES

# Our 2025 Award Recap

In 2025, Moran Wealth Management® and Founder & CEO Tom Moran were recognized by several industry publications and organizations for professional achievements, workplace culture, and industry participation. 2025 Recognitions Include:

- Barron's – 1,200 Top Financial Advisors
- Barron's – Top 100 Independent Advisors
- Financial Advisor Magazine – America's Top RIAs
- InvestmentNews – Top Advisor
- Financial Planning – 2025 Best RIAs to Work For
- Financial Planning – 2025 RIA Leaders
- Five Star Professionals – Five Star Wealth Manager
- Florida Trend – Best Companies to Work for in Florida
- Gulfshore Business – Best of Business
- Community Choice Awards

These awards are based on criteria established by each organization and reflect external recognition of the firm and its leadership during the 2025 award cycle. We appreciate these recognitions and remain focused on providing financial planning and investment advisory services in accordance with its fiduciary responsibilities.

*Awards and rankings are not indicative of future results. Third-party recognitions may be based on various criteria and may not evaluate the quality of services provided to clients. For more information, please visit: <https://moranwm.com/disclosures/>*



**FEATURED  
MEDIA**

FEATURED MEDIA

## Planning for What Can Change and What You Can Control

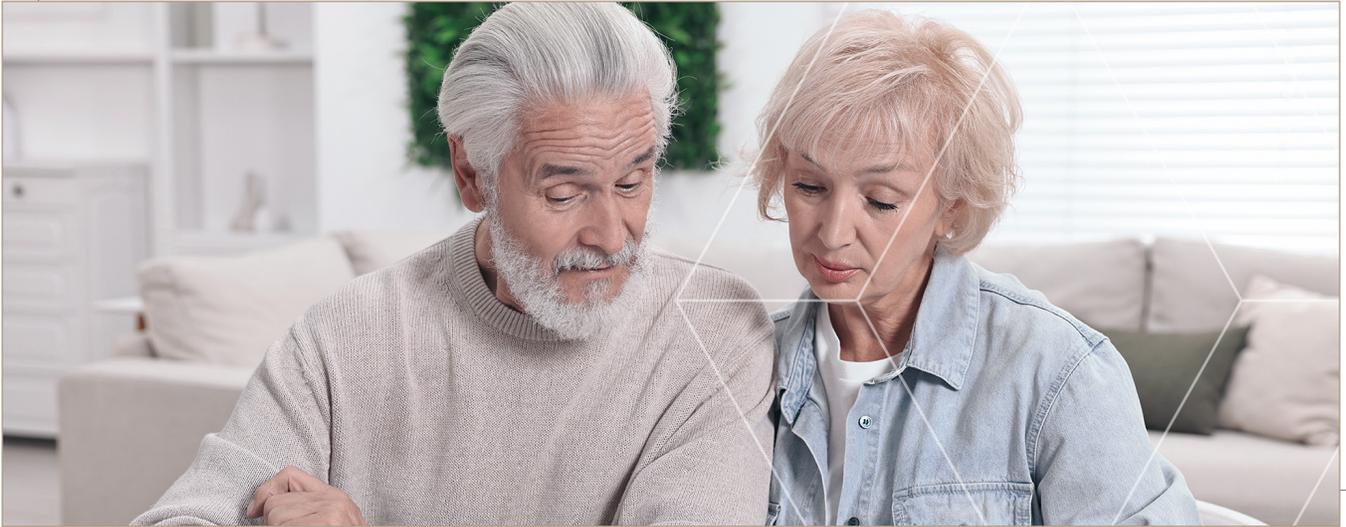
Major financial decisions often involve more than market performance alone. Healthcare costs, taxes, and long-term planning choices can shape retirement outcomes, family decisions, and financial flexibility over time.

At Moran Wealth Management®, we believe thoughtful planning requires perspective, discipline, and an understanding of how different pieces of a plan work together. As part of our ongoing educational series, we create resources designed to help bring clarity to complex topics and support informed decision-making.

This month's featured videos explore two areas that play an increasingly important role in long-term planning. [The True Price of Aging and How To Plan For It](#), examines why healthcare is often one of the most underestimated expenses retirees face. The discussion looks at how healthcare inflation differs from general inflation, the impact of Medicare premiums, and why long-term care planning and proactive strategies such as HSAs and thoughtful withdrawal planning can help reduce surprises later in life. [Thinking About Taxes at Different Life Stages](#) explores strategies around retirement accounts, Roth planning, capital gains, charitable giving, and legacy considerations, highlighting the value of coordination and forward-looking analysis rather than reactive decisions.

Together, these discussions reinforce a central theme: effective planning is rarely about a single decision but about understanding trade-offs and preparing in advance for the realities that unfold over time.

In addition, we've prepared [supporting insights](#) to help you approach these topics with greater clarity. Whether you're evaluating healthcare considerations in retirement or thinking through tax-efficient strategies across different stages of life, these resources are designed to provide perspective and promote thoughtful planning.



## FEATURED MEDIA

# Managing a Retirement Portfolio with Practical Perspective

Reaching retirement is an important milestone. Maintaining a portfolio through retirement often involves ongoing decisions, especially as markets shift, spending patterns evolve, and taxes and healthcare costs become more prominent considerations.

Retirement portfolio management is not a single event or one-size-fits-all strategy. It's a planning process that considers how investments, cash flow needs, and risk exposures work together over time. For many retirees and individuals nearing retirement, the goal is to stay aligned with personal priorities while thoughtfully addressing common retirement realities such as withdrawals, volatility, and changing income sources.

In this guide, we share considerations related to retirement portfolio management, including diversification, asset allocation, withdrawal approaches, tax awareness, and the growing role of planning technology and analytical tools.

[CONTINUE READING ON OUR BLOG](#)



## FEATURED CHARITY

# Gulfshore Playhouse Baker Theatre and Education Center

Gulfshore Playhouse Baker Theatre and Education Center has played a meaningful role in our region through Broadway-level productions, world-class artistry, and educational programs that reach thousands each year.

The organization is approximately \$5 million away from completing its \$80 million Next Stage Capital Campaign—an important milestone now in sight.

By claiming one of the remaining Capital Campaign naming opportunities, donors can be recognized for their role in supporting the completion of this project and its long-term mission.

To learn more about making a [charitable contribution and potential naming opportunities](#), please contact a member of Gulfshore Playhouse's Advancement Team at 239.261.7529.



# **HIGHLIGHTED STRATEGY**

# MAGG

## FEATURED STRATEGY

# Moderate Aggressive Global Growth (MAGG)

This strategy seeks to optimize returns in a risk-controlled framework, delivering consistent added value over a full business cycle.

### WHAT IS THE MAGG STRATEGY?

- This strategy is designed to capture the benefits of diversification and the advantages that come from the dissimilarity in return patterns across different asset classes.
- This strategy invests primarily in equity securities believed to have strong growth potential and attractive valuations.
- This strategy utilizes tactical active risk management driven by an informed view of current market conditions.

[For more information on MAGG and other strategies, please visit our website.](#)

*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.*

# Where Strategy Begins

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