



13. Friday Footnotes

While it seems the US economy is projected to face some short-term headwinds in the first half of this year, and the markets have been digesting the policy uncertainty out of Washington, we want to reiterate our positive stance on the overall macro environment and remind clients that time in the market is always more important than timing the market.

The best and worst days often happen together

It can feel unnerving when the stock market plummets, but history shows that some of the best days in the market often follow bad ones. Therefore, it can make sense to stay the course in order to not miss out on net gains over the long term. The charts to the right illustrate the importance of staying invested even during volatile times.

S&P 500 Index total returns 1988 through December 31, 2022



Source: Vanguard Investment Advisory Research Center.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Strategic Perspective

Volatility is a given, but the U.S. economy's adaptability—coupled with strong labor markets and corporate balance sheets—provides a foundation for recovery. As tariffs clarify and inflation trends downward later this year, we expect renewed confidence. Stay diversified, focus on quality assets, and remember, economic expansions don't end due to uncertainty alone—they end when imbalances emerge. Today's caution is a sign of health, not impending decline.

Key Takeaway: *Short-term turbulence masks underlying strength. Patience and discipline will reward investors as the cycle progresses.*

Reasons for Optimism

Resilient Fundamentals: Despite higher rates, the U.S. economy has consistently outperformed expectations, with strong consumer spending and low layoffs. Wage growth continues to outpace inflation, supporting household budgets.

Policy Flexibility: The Fed retains room to cut rates if needed, and fiscal stimulus (e.g., military spending in Europe, German fiscal support) could buoy global demand.

Long-Term Growth Potential: While near-term GDP may slow, S&P Global projects a rebound in 2026 as tariff uncertainties ease and monetary policy loosens. The Eurozone's recovery could also lift U.S. exports.

Market Opportunities: Corrections have created attractive valuations, and sectors less exposed to tariffs (e.g., tech, healthcare) may rebound as inflation stabilizes.

Funding Deadlines

A reminder that the account types below can be funded for 2024 up until April 15th:

- **Traditional IRA**
 - \$7,000 contribution limit
 - \$1,000 age-based catch-up, age 50+
- **Roth IRA**
 - \$7,000 contribution limit
 - \$1,000 age-based catch-up, age 50+
- **HSA**
 - \$4,150 Self-only
 - \$8,300 Family
 - \$1,000 age-based catch-up, age 55+
 - *Totals include employer contributions

ACH transfers must be requested before 3:30 pm on Monday, April 14th for an April 15th deposit date. A check can be accepted in the office until 3:45 pm on April 15th.

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