



CARSON

Investment
Research

Outlook '24



TAYLOR
FINANCIAL GROUP, LLC
THE RIGHT PARTNER CAN MAKE ALL THE DIFFERENCE





Ryan Detrick, CMT

Chief Market Strategist

Ryan is not registered with Cetera Advisor Networks.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Group Partners, a division of CWM, LLC, is a nationwide partnership of advisors.

14600 Branch Street, Omaha, NE 68154

Where I Rank

Ryan Detrick

Chief Market Strategist



Paul West

Managing Partner



Nelly Carson

Chief Comfort Officer



Ryan Detrick is not registered with Cetera Advice Networks LLC. Paul West is a non-registered associate of Cetera Advisor Networks LLC.

14600 Branch Street
Omaha, Nebraska 68154

Investment advisory services offered through CWM, LLC, an SEC registered investment advisor. Carson Partners, a division of CWM, LLC, is a nationwide partnership of advisors.



Life Comes at You Fast



Life Comes at You Fast

Here We Go Again



BUSINESS

2024 will be the ‘biggest single crash year in our lifetimes,’ economist warns: ‘Do not listen to your financial adviser’

By Kristen Altus, Fox Business

Published Dec. 19, 2023, 11:37 a.m. ET

FINANCE

‘This is serious’: JPMorgan’s Jamie Dimon warns U.S. likely to tip into recession in 6 to 9 months

Oct 21, 2022 - Economy & Business

Elon Musk: Global recession could last until spring 2024



Herb Scribner

FINANCE · JEFF BEZOS

‘Batten down the hatches’: Bezos is latest business titan to warn about a recession

BY CHRIS MORRIS

October 19, 2022 at 10:38 AM EDT

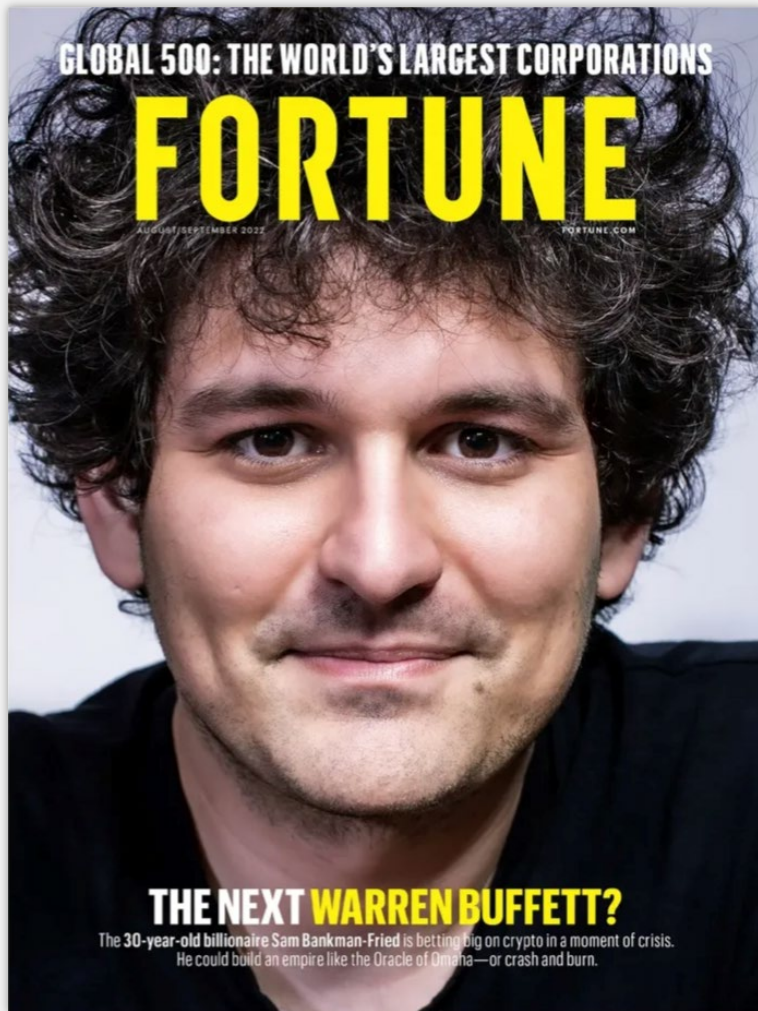
POLITICS · ECONOMY

Cardi B is gloomy about the economy, too: ‘When y’all think they going to announce that we going into a recession?’

BY COLIN LODIEWICK

June 6, 2022 at 1:15 PM EDT

How Do You Sum Up 2023?



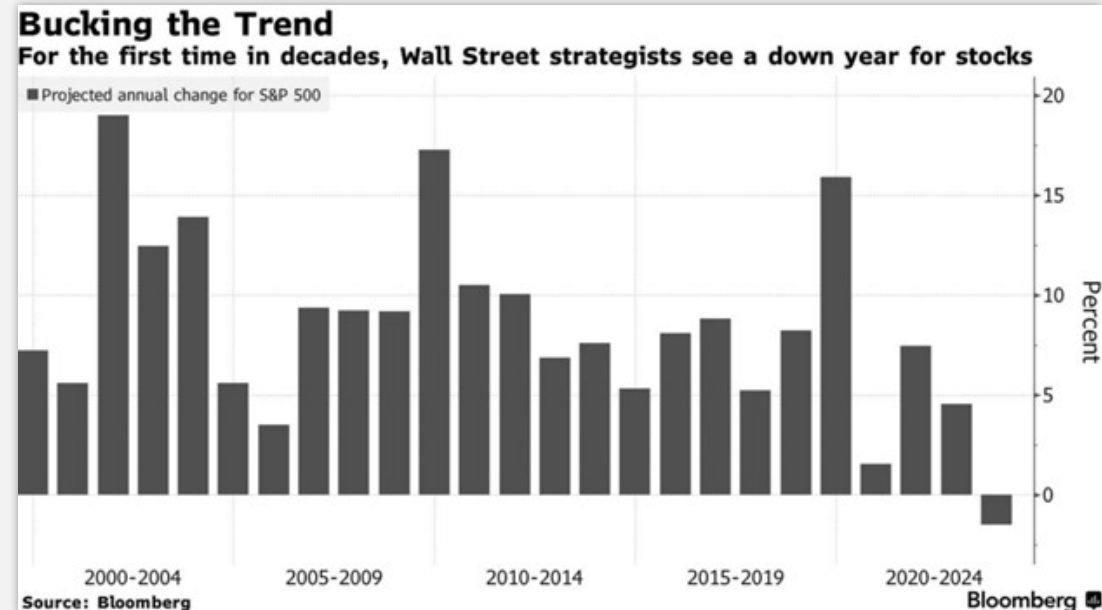
Stocks did amazing this year, yet very few expected them to this time a year ago. It pays to go against the crowd sometimes. Also, those we consider heroes might not be what we think.



Cardi B
@iamcardib

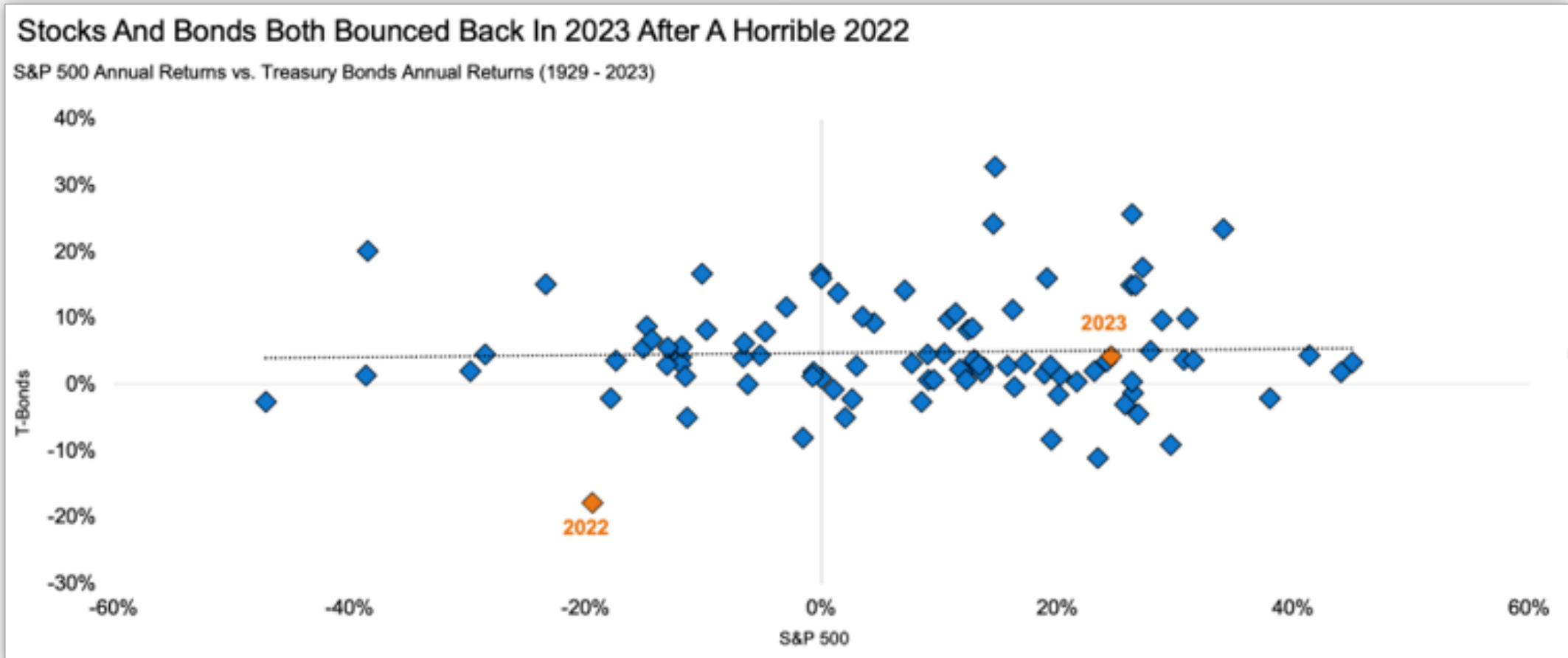
When y'all think they going to announce that we going into a recession?

12:17 PM · Jun 5, 2022



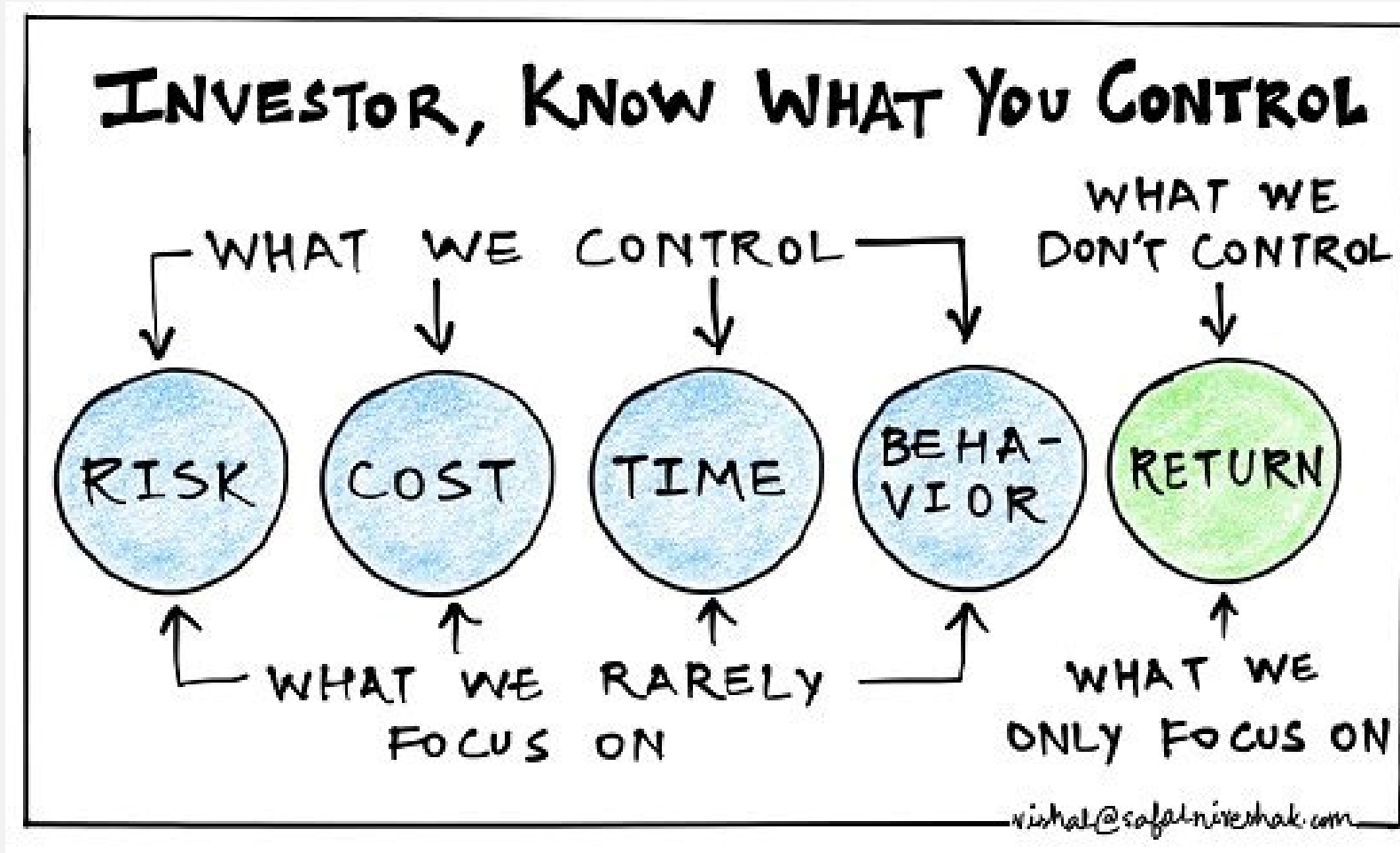
Things Came Back In a Big Way

2022 was historically poor for investors (both stocks and bonds), but both assets came back in 2023



Data source: Carson Investment Research, Factset 122923 (1928-2022)

Control What We Can Control



Outlook'24: At-a-Glance 3/3

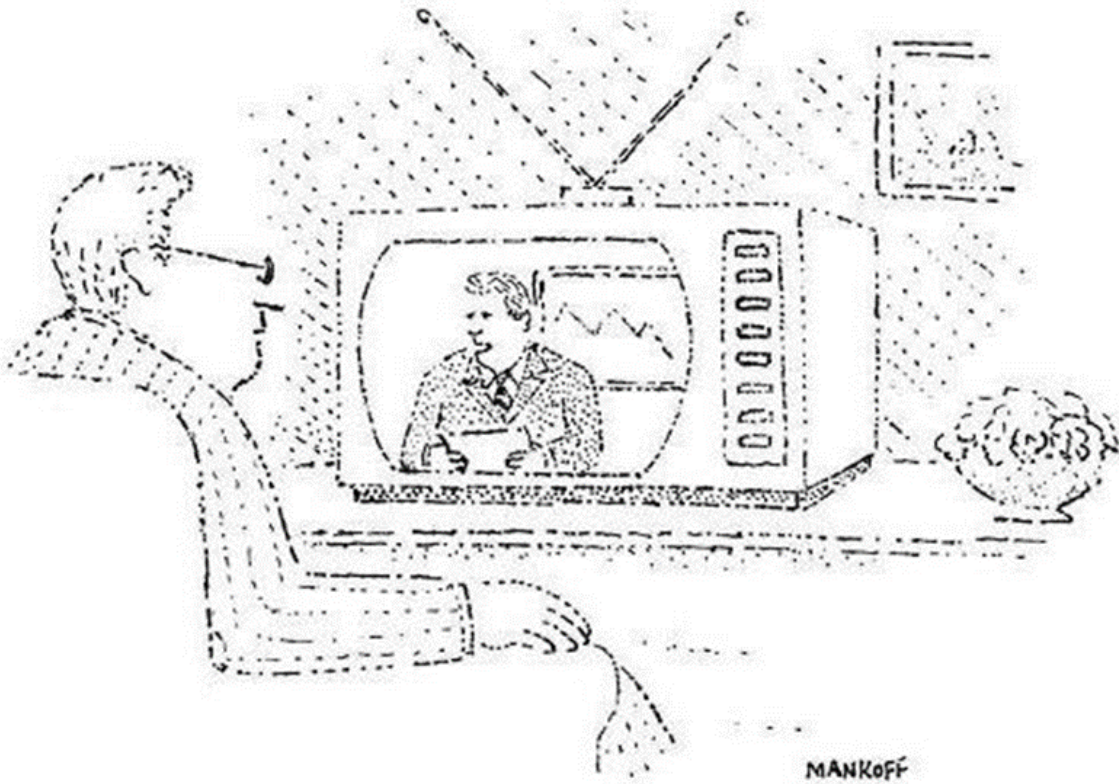
'24 Forecast

- » Economic resilience supports earnings growth
- » Flows back into bonds as markets anticipate rate cuts may help

RETURNS

Stocks
11-13%

Bonds
4-6%



“On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates.”

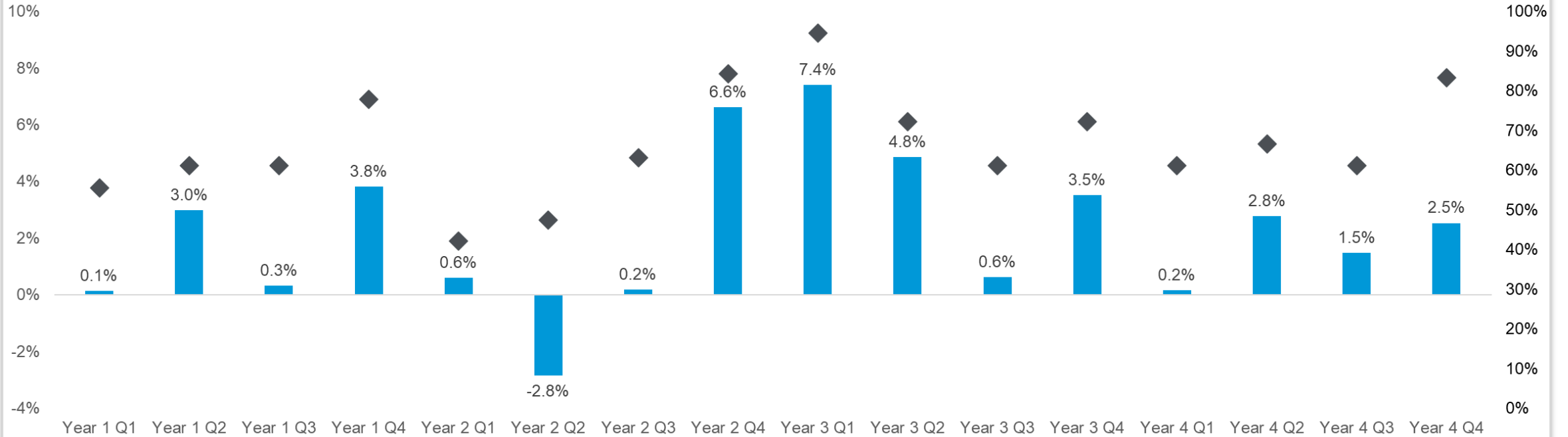
History Repeats

Amazing How Well Things Played Out

Pre-election years tend to be quite strong and this played out perfectly once again.

Stocks Did Well When They Should

S&P 500 Quarterly Performance By Presidential Cycle (1950 - 2022)



Data source: Carson Investment Research, Factset 092123 (1950-2022)

Up 20%, Now What?

Gains after
big years are
quite common.

A 20% Yearly Gain Suggests More Green, But Don't Expect A Bigger Year Than 2023

20% Yearly Gains For The S&P 500 And What Happened Next

Year	Return	Next Year	S&P 500 Index Returns	
			Higher Than Previous Year?	20%?
1950	21.7%	16.3%	No	No
1954	45.0%	26.4%	No	Yes
1955	26.4%	2.6%	No	No
1958	38.1%	8.5%	No	No
1961	23.1%	-11.8%	No	No
1967	20.1%	7.7%	No	No
1975	31.5%	19.1%	No	No
1980	25.8%	-9.7%	No	No
1985	26.3%	14.6%	No	No
1989	27.3%	-6.6%	No	No
1991	26.3%	4.5%	No	No
1995	34.1%	20.3%	No	Yes
1996	20.3%	31.0%	Yes	Yes
1997	31.0%	26.7%	No	Yes
1998	26.7%	19.5%	No	No
2003	26.4%	9.0%	No	No
2009	23.5%	12.8%	No	No
2013	29.6%	11.4%	No	No
2019	28.9%	16.3%	No	No
2021	26.9%	-19.4%	No	No
2023	24.2%	?	?	?
Average		10.0%		
Median		12.1%		
% Higher		80.0%	One out of 20	Four out of 20

Source: Carson Investment Research, FactSet 12/29/2023 (1950 - Current)
@ryandetrick



Good Starts = Good Finishes

Gains after a green Jan and Feb are normal

A Higher January and February Could Mean The Bull Continues

S&P 500 Performance When Higher in January and February

Year	S&P 500 Index Returns		
	March	Final 10 Months of the Year	Next 12 Months
1950	0.4%	18.6%	26.6%
1951	-1.5%	9.0%	6.7%
1954	3.0%	37.6%	40.6%
1955	-0.5%	23.7%	23.3%
1961	2.6%	12.8%	10.3%
1964	1.5%	8.9%	12.4%
1967	3.9%	11.2%	3.0%
1971	3.7%	5.4%	10.1%
1972	0.6%	10.8%	4.8%
1975	2.2%	10.5%	22.2%
1983	3.3%	11.4%	6.1%
1985	-0.3%	16.6%	25.2%
1986	5.3%	6.7%	25.2%
1987	2.6%	-13.1%	-5.8%
1988	-3.3%	3.7%	7.9%
1991	2.2%	13.6%	12.4%
1993	1.9%	5.2%	5.4%
1995	2.7%	26.4%	31.4%
1996	0.8%	15.7%	23.5%
1997	-4.3%	22.7%	32.7%
1998	5.0%	17.1%	18.0%
2004	-1.6%	5.8%	5.1%
2006	1.1%	10.7%	9.9%
2011	-0.1%	-5.2%	2.9%
2012	3.1%	4.4%	10.9%
2013	3.6%	22.0%	22.8%
2017	0.0%	13.1%	14.8%
2019	1.8%	16.0%	6.1%
2024	?	?	?
Average	1.4%	12.2%	14.8%
Median	1.8%	11.3%	11.6%
% Higher	71.4%	92.9%	96.4%
Average Year			
Average	1.1%	8.1%	9.3%
Median	1.4%	9.0%	12.0%
% Higher	64.9%	73.0%	71.6%

Source: Carson Investment Research, FactSet 2/26/2024
@ryandetrick



SUBWAY
eat fresh!

SUBWAY
eat fresh!

"Please help Stop Diabetes"

Free Cookie

When you donate

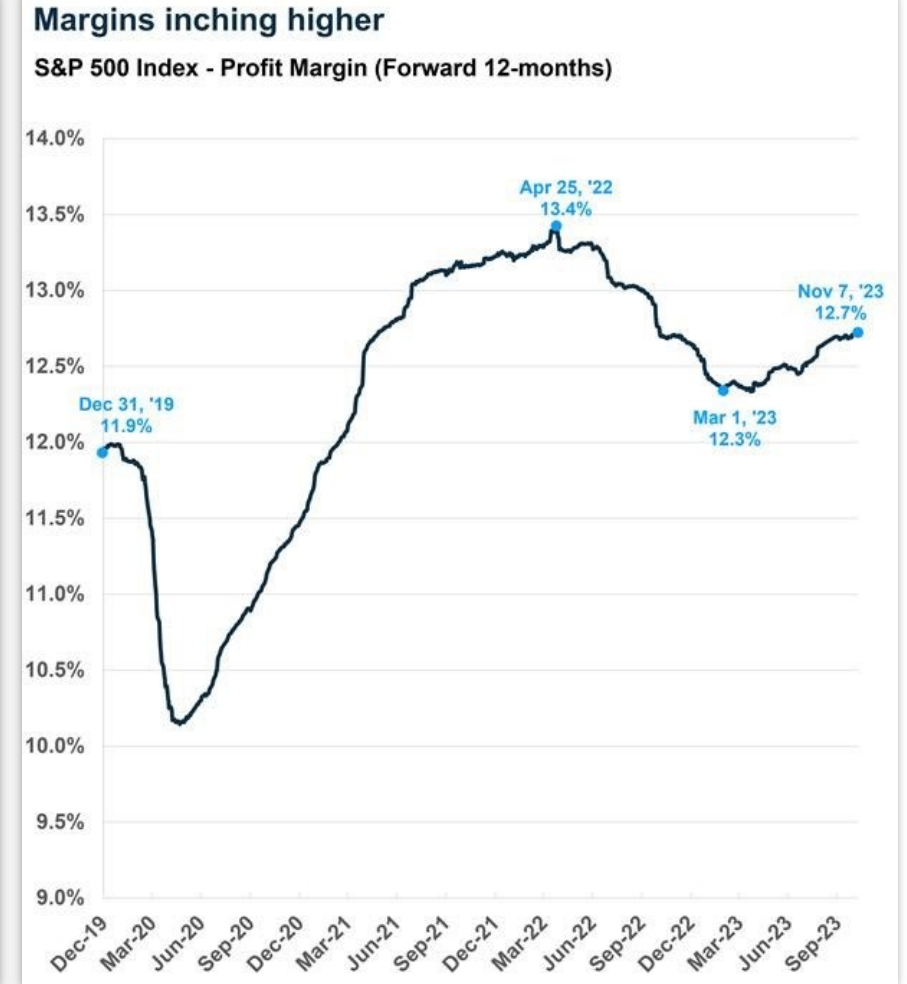
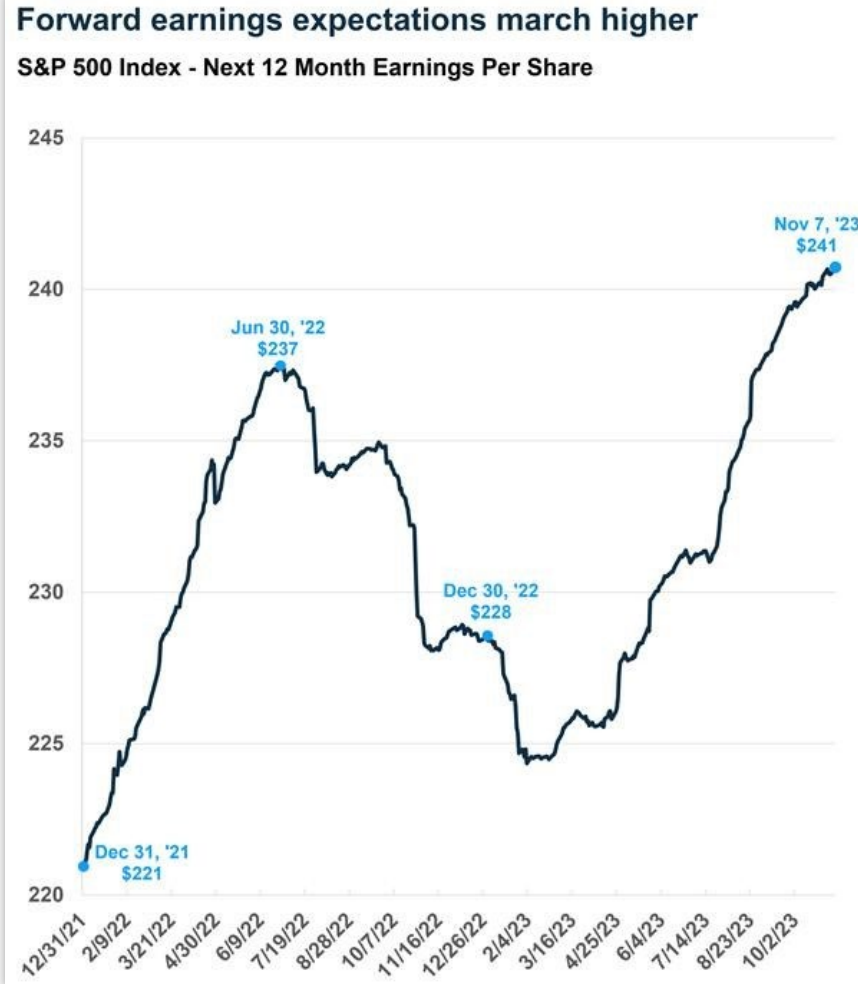
\$1.00

for diabetes Fund

This makes no sense!

The Bull Market Is Alive and Well

Earnings are expected to hit an all-time high next year, that shouldn't be a bad thing for stocks or the economy. Additionally, profit margins have increased this year, another thing that might surprise many investors.



Data source chart 1: Carson Investment Research, Factset 110823

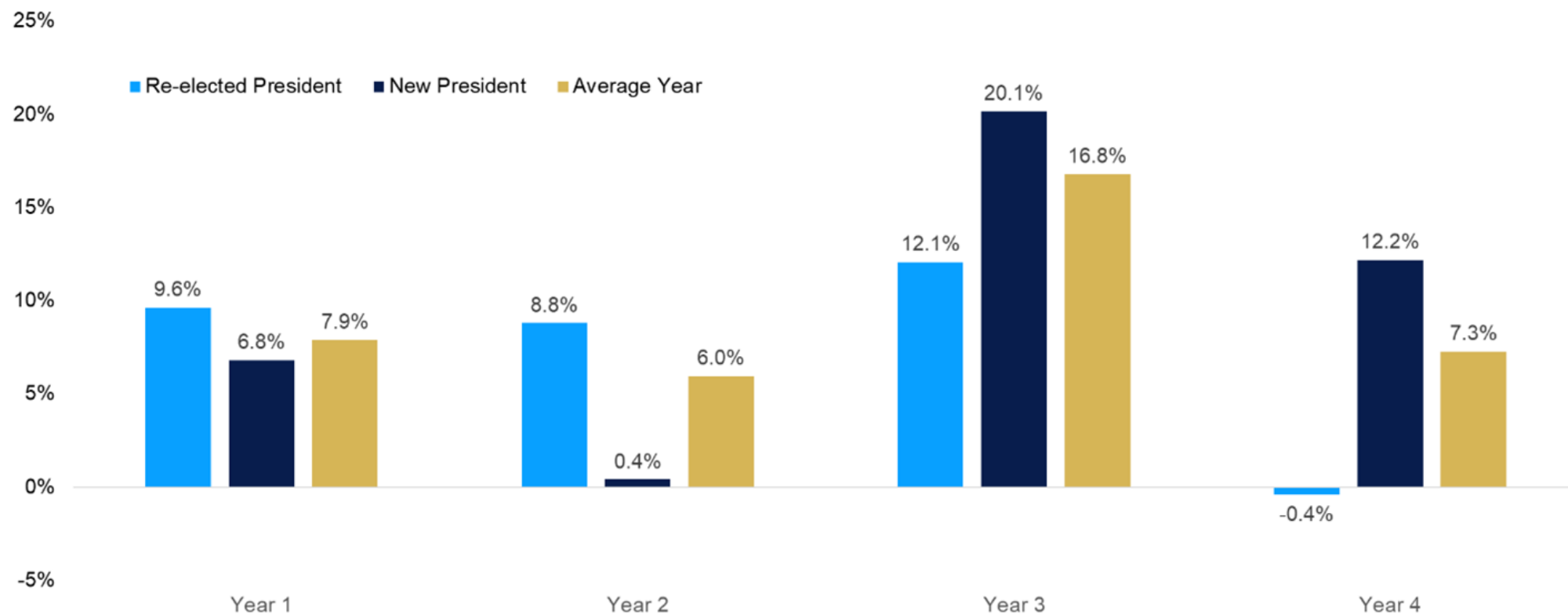
Data source chart 2: Carson Investment Research, Factset 110723 - Profit margin estimated as next 12-month earnings divided by sales

Amazing How Well Things Played Out

Election years tend to see stronger than average returns when it is a first term president. It has been the lame duck years (1960, 2000, 2008) that have been bad for investors.

Election Years Do Much Better Under a New President

S&P 500 Returns Based On 4-Year Presidential Returns



10 For 10

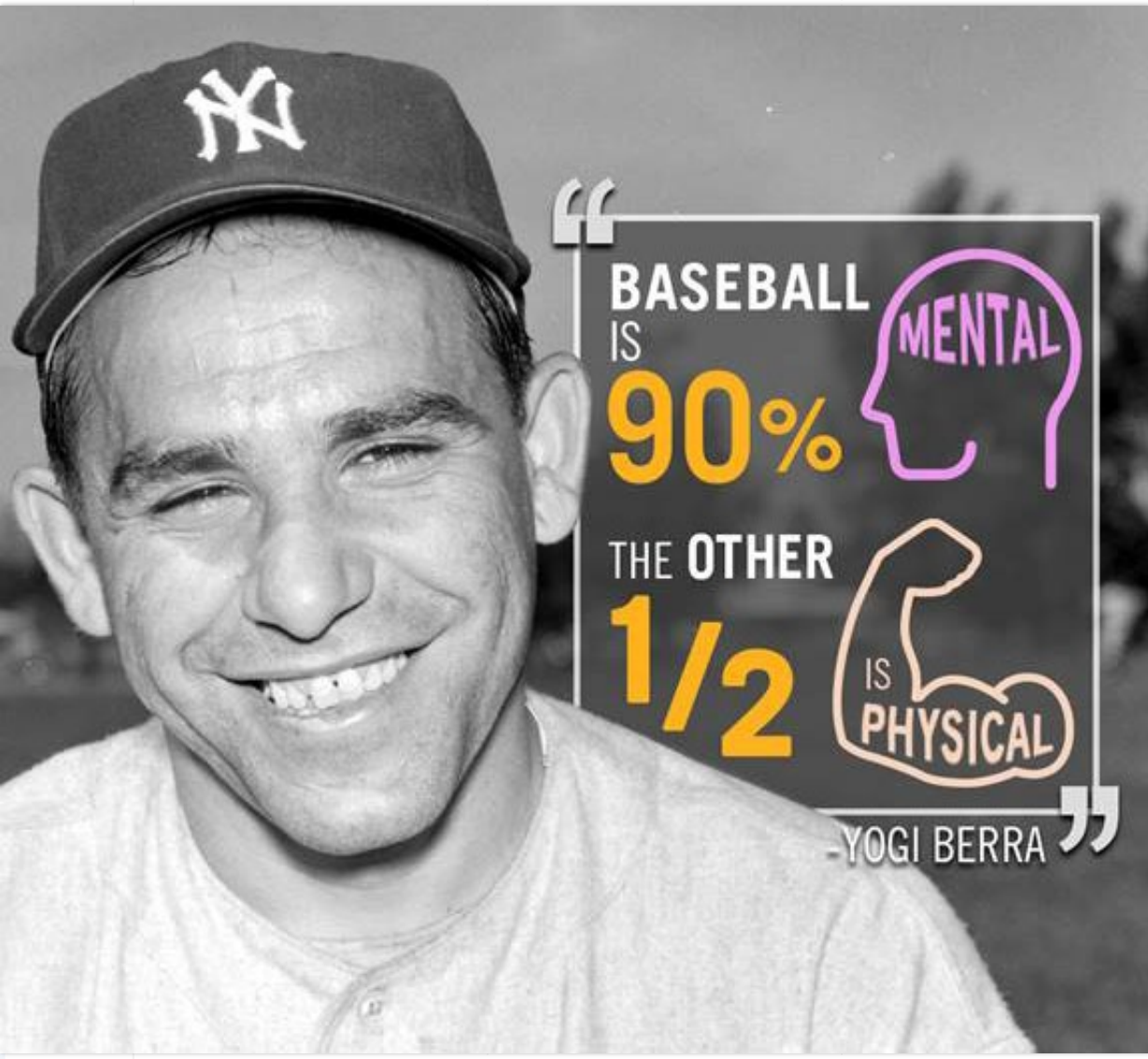
Stocks have done very well under a first term President in an Election year.

Stocks Have Never Been Lower In an Election Year Under a New President S&P 500 Performance Under New Presidents (1950-Current)

Election Year	President	First Year	S&P 500 Index Returns		
			Midterm Year	Pre-Election Year	Election Year
1952	Dwight D. Eisenhower (Rep)	-6.6%	45.0%	26.4%	2.6%
1960	JFK/LBJ (Dem)	23.1%	-11.8%	18.9%	13.0%
1968	Richard Nixon (Rep)	-11.4%	-0.1%	10.8%	15.8%
1976	Jimmy Carter (Dem)	-11.5%	1.1%	12.3%	25.8%
1980	Ronald Reagan (Rep)	-9.7%	14.8%	17.3%	1.4%
1988	George H.W. Bush (Rep)	27.3%	-6.6%	26.3%	4.5%
1992	Bill Clinton (Dem)	7.06%	-1.5%	34.1%	20.3%
2000	George W. Bush (Rep)	-13.0%	-23.4%	26.4%	9.0%
2008	Barack Obama (Dem)	23.5%	12.8%	0.0%	13.4%
2016	Donald Trump (Rep)	19.4%	-6.2%	28.9%	16.3%
2020	Joe Biden (Dem)	26.9%	-19.4%	?	?
Average		6.8%	0.4%	20.1%	12.2%
Median		7.1%	-1.5%	22.6%	13.2%
% Higher		54.5%	36.4%	90.0%	100.0%

Source: Carson Investment Research, FactSet 11/08/2023
@ryandetrick

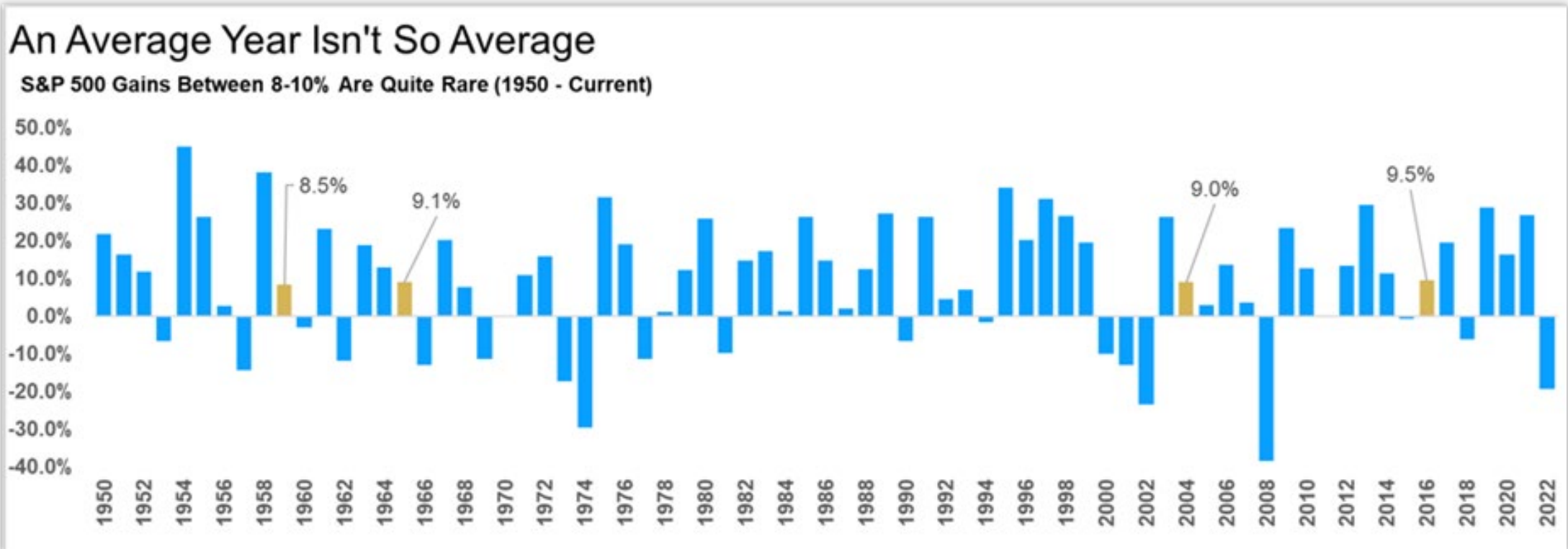




Yogi Wisdom

Things to Always Remember

The average year might gain about 9% but be aware that very few years do stocks actually gain about 9%. Larger moves are normal.



Data source: Carson Investment Research, Factset 101823



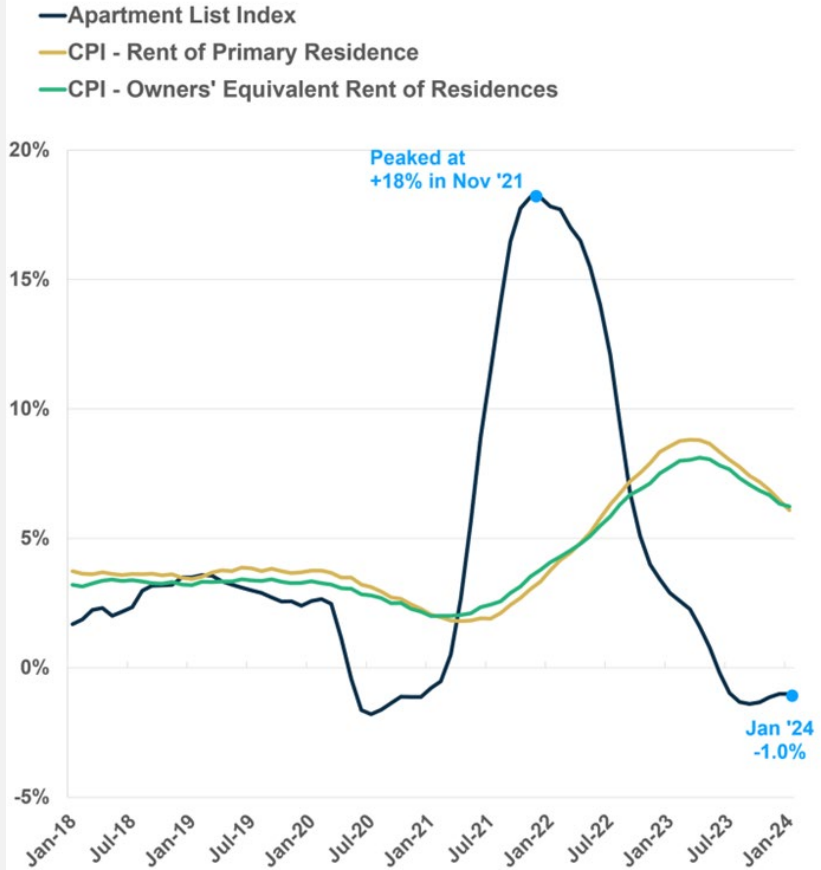
Follow Us, Janet Does

Inflation Is Falling and More to Come

Inflation has pulled back significantly from June 2022 peak. This was mostly on the back of falling energy prices, but now most other major categories are also seeing disinflation, plus there's more to come in 2024. The Fed's preferred metrics, i.e. core PCE inflation and core services ex housing are running below 3% over the last 3 months.

Still waiting for official shelter inflation to head lower

Private vs Official Rental Price Changes (Year-Over-Year)



Data source: Carson Investment Research 02/13/2024
FRED, Apartment List

@sonusvarghese

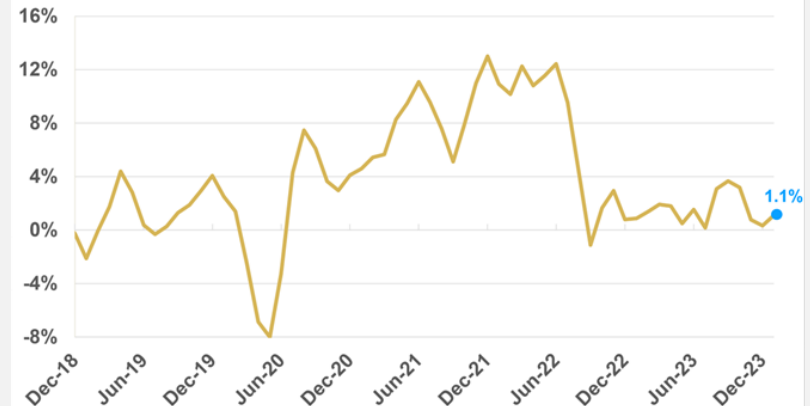


Inflation is muted, if you ignore official shelter data

CPI - 3-Month Changes (Annualized Rate)



CPI Ex Shelter - 3-Month Changes (Annualized Rate)



Data source: Carson Investment Research, BLS 02/13/2024

@sonusvarghese



Data source chart 1: Carson Investment Research, BEA 113023 - Pandemic Impacted categories include furnishings and durable household equipment, apparel, vehicle rentals, airfares, hotels

Data source chart 2: Carson Investment Research, FRED, Bloomberg



The Fed **Is Likely Done**

“The Fed’s job is to take the punchbowl away, just as the party is getting good.”

- William McChesney Martin Jr.

Talk About First Cuts

Not All First Cuts Are The Same

S&P 500 Returns After First Cut The Past 10 Cycles

Date of First Cut	Type of Cut	Size of First Cut	S&P 500 Index Future Returns			
			1 Month	3 Months	6 Months	12 Months
9/27/1984	Normalization	0.25%	-1.0%	-0.7%	7.5%	8.6%
10/22/1987	Panic (Crash of '87)	0.25%	-2.5%	-0.7%	4.8%	13.9%
6/5/1989	Normalization	0.50%	-0.4%	9.8%	8.9%	14.1%
7/13/1990	Recession	0.50%	-8.1%	-19.8%	-14.2%	3.5%
7/6/1995	Normalization	0.25%	0.9%	5.0%	11.5%	21.4%
9/29/1998	Panic (Russian Ruble and LTCM crisis)	0.25%	1.8%	18.4%	22.6%	20.9%
1/3/2001	Recession	0.50%	0.1%	-18.1%	-9.5%	-14.3%
9/18/2007	Recession	0.50%	1.4%	-4.9%	-14.6%	-23.9%
7/31/2019	Normalization	0.25%	-1.9%	1.9%	10.2%	8.9%
3/3/2020	Panic (COVID)	0.50%	-17.7%	2.6%	16.5%	27.2%
	Average		-2.7%	-0.7%	4.4%	8.0%
	Median		-0.7%	0.6%	8.2%	11.4%
	% Higher		40.0%	50.0%	70.0%	80.0%
Normalization Cut						
	Average		-0.6%	4.0%	9.5%	13.2%
	Median		-0.7%	3.4%	9.5%	11.5%
	% Higher		25.0%	75.0%	100.0%	100.0%
Panic Cut						
	Average		-0.3%	8.8%	13.7%	17.4%
	Median		-0.3%	8.8%	13.7%	17.4%
	% Higher		50.0%	50.0%	100.0%	100.0%
Recession Cut						
	Average		-2.2%	-14.3%	-12.8%	-11.6%
	Median		0.1%	-18.1%	-14.2%	-14.3%
	% Higher		66.7%	0.0%	0.0%	33.3%

Source: Carson Investment Research, FactSet, Bloomberg 01/25/2024 (1984 - Current)
@ryandetrack



Wrong Then, Still Wrong

Bloomberg [Subscribe](#) 

Politics | Economics

Forecast for US Recession Within Year Hits 100% in Blow to Biden

- Bloomberg Economics sees near certainty downturn will start
- Tightening conditions, inflation, hawkish Fed weigh on outlook

     [Gift this article](#)

Significant US Recession 'Not Inevitable,' Says Raimondo

By [Josh Wingrave](#)

October 17, 2022 at 10:02 AM EDT

Data source chart 1: Carson Investment Research, FRED 113023

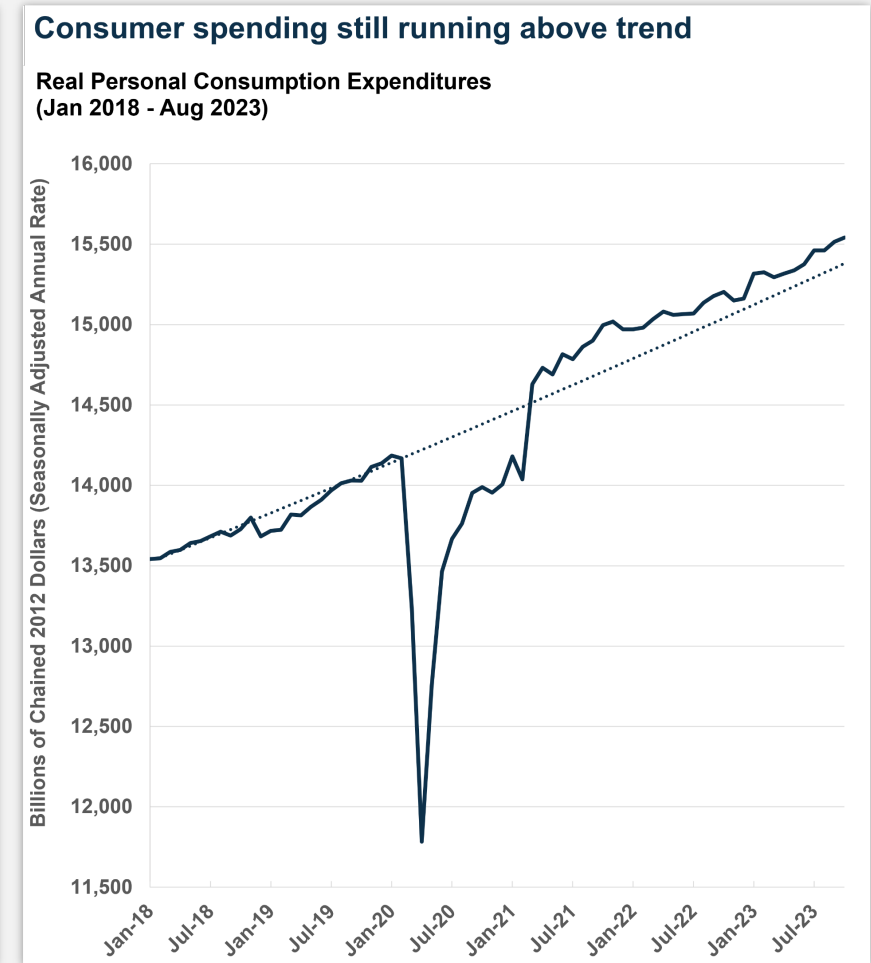
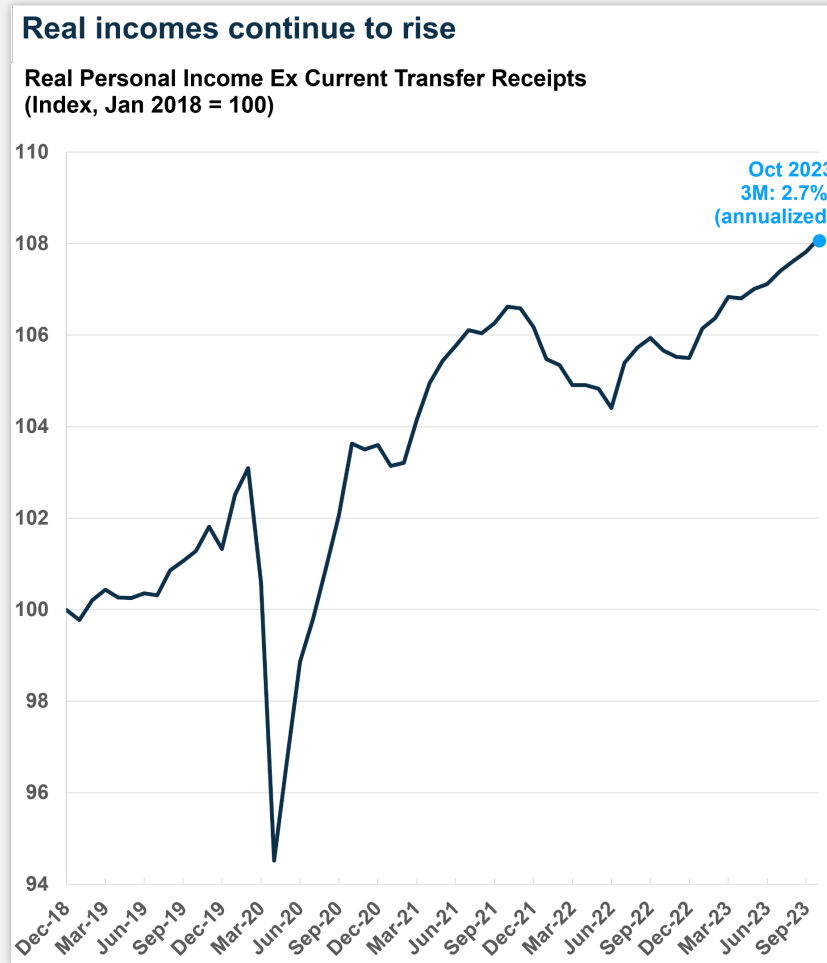
Data source chart 2: Carson Investment Research, FRED - Dashed line shows the 2018-2019 trend



The Swift Economy

Strong Incomes = Strong Consumption

A strong labor market and lower inflation means incomes are growing even after adjusting for inflation. This is going to be a continued boost for consumer spending, which makes up close to 70% of the economy

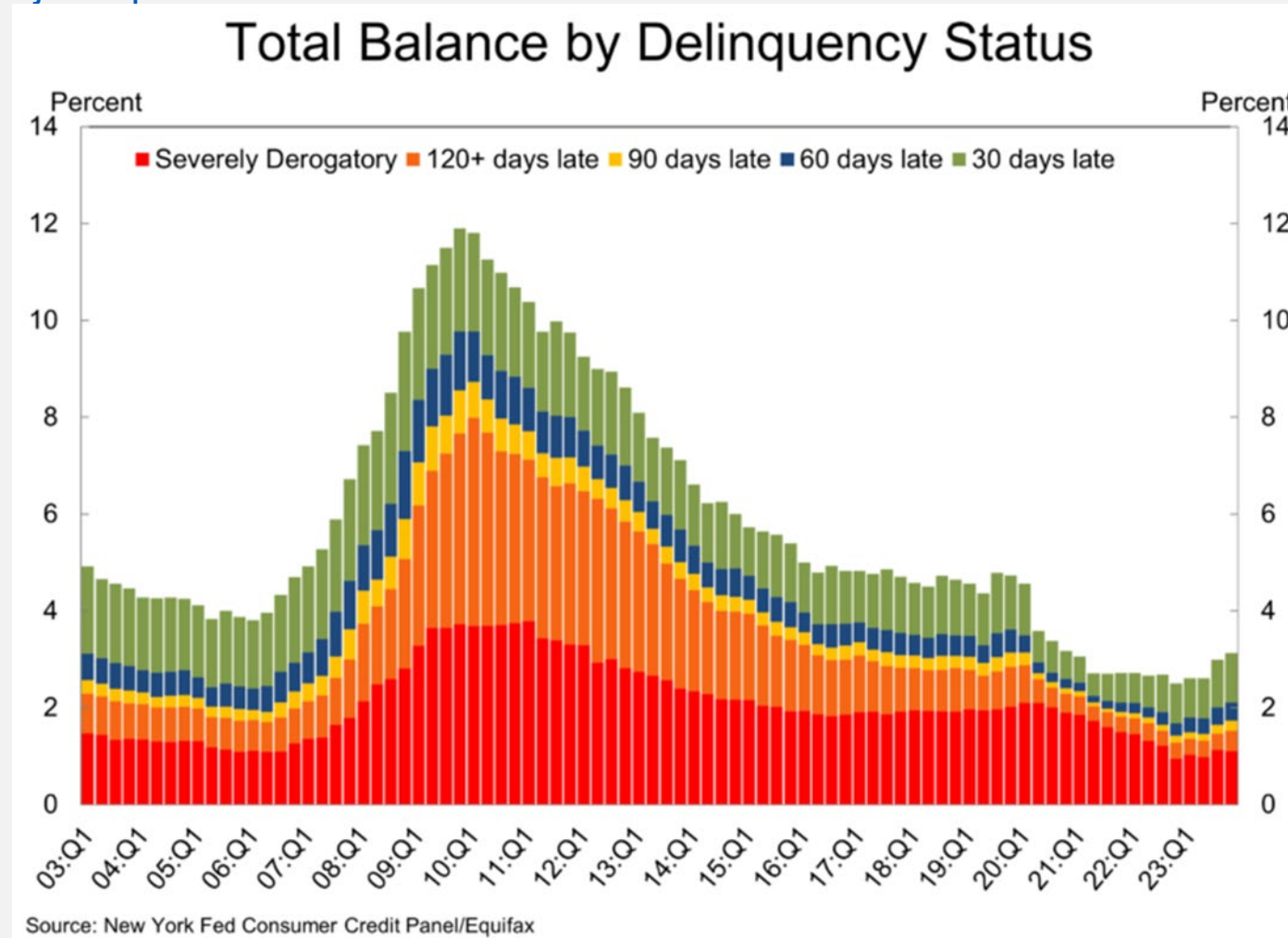


Data source chart 1: Carson Investment Research, FRED 113023

Data source chart 2: Carson Investment Research, FRED - Dashed line shows the 2018-2019 trend

About All That Debt

Yes, we have a lot of debt, but there are many clues the consumer is still in great shape. Also, we aren't seeing signs of a major implosion due to the debt.



Data source chart 1: Carson Investment Research, 113023 - Shaded areas indicate U.S. recessions

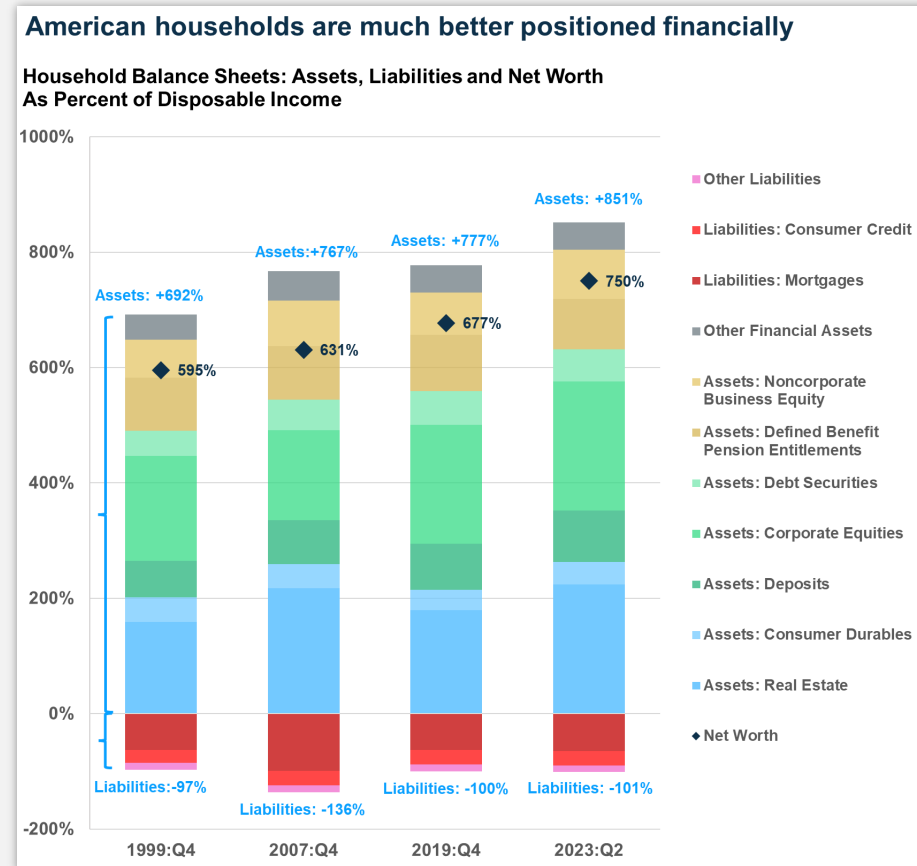
Data source chart 2: Carson Investment Research, Federal Reserve 113023

No Sign of Recession

Our own leading economic index, which is a combination of the most relevant economic data points for the economy, does not point to a recession right now. Instead, it says the economy is running close to trend. Household balance sheets are also strong, thanks to rising asset values (stocks, real estate, and deposits), while debt loads as a percent of disposable income is low relative to history.



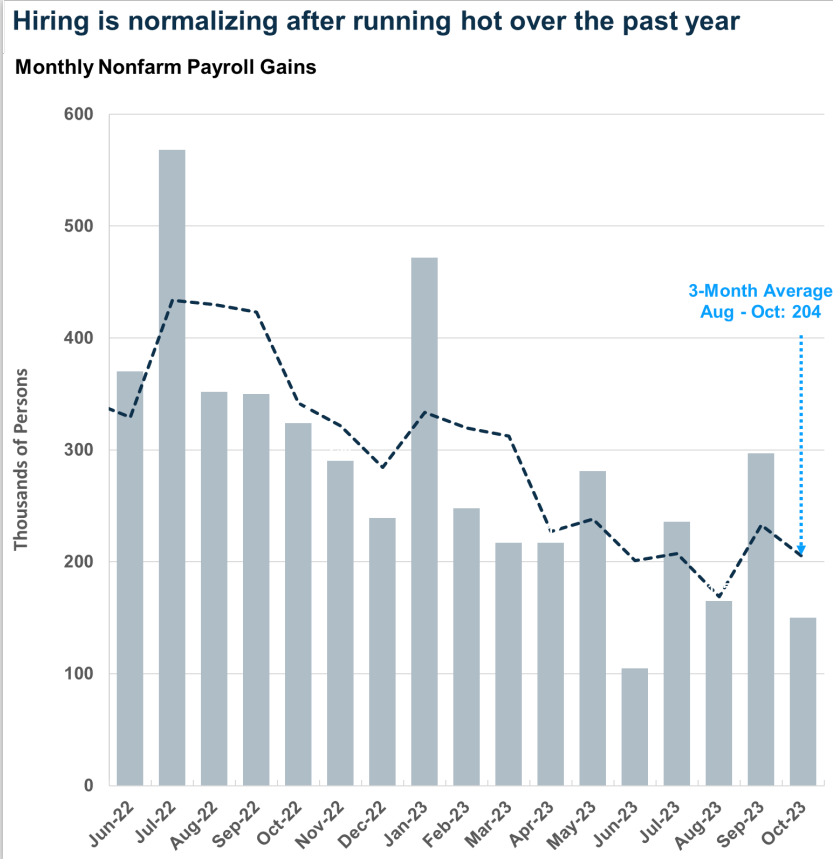
Data source chart 1: Carson Investment Research, 113023 - Shaded areas indicate U.S. recessions



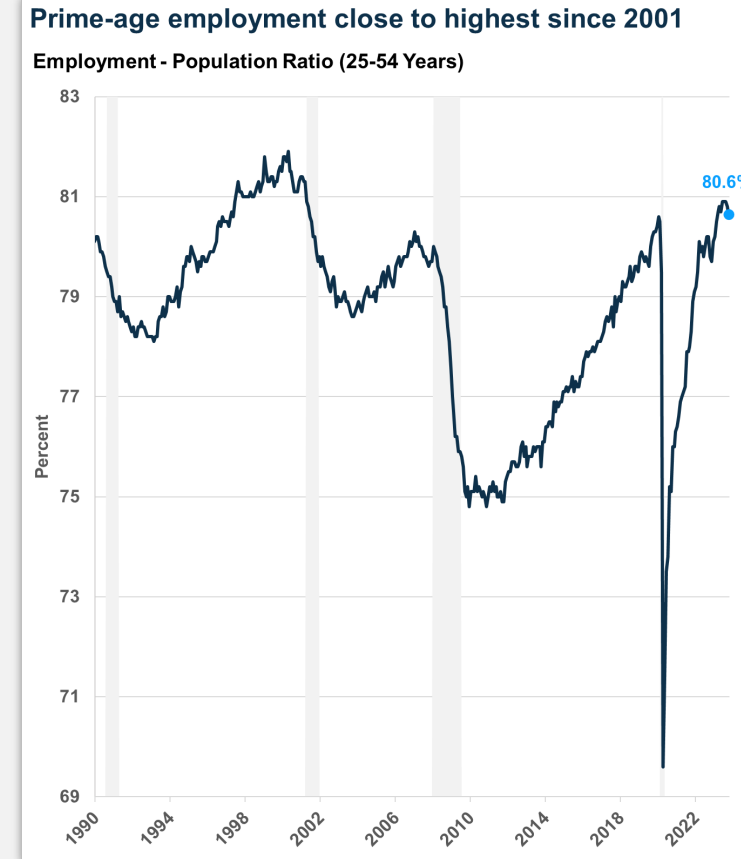
Data source chart 2: Carson Investment Research, Federal Reserve 113023

The Labor Market Is Still Strong

The labor market remains strong with prime-age employment-population ratio close to the highest in more than 2 decades. Hiring has eased since 2022 and early 2023, but that's just normalization. The key is that layoffs remain low.



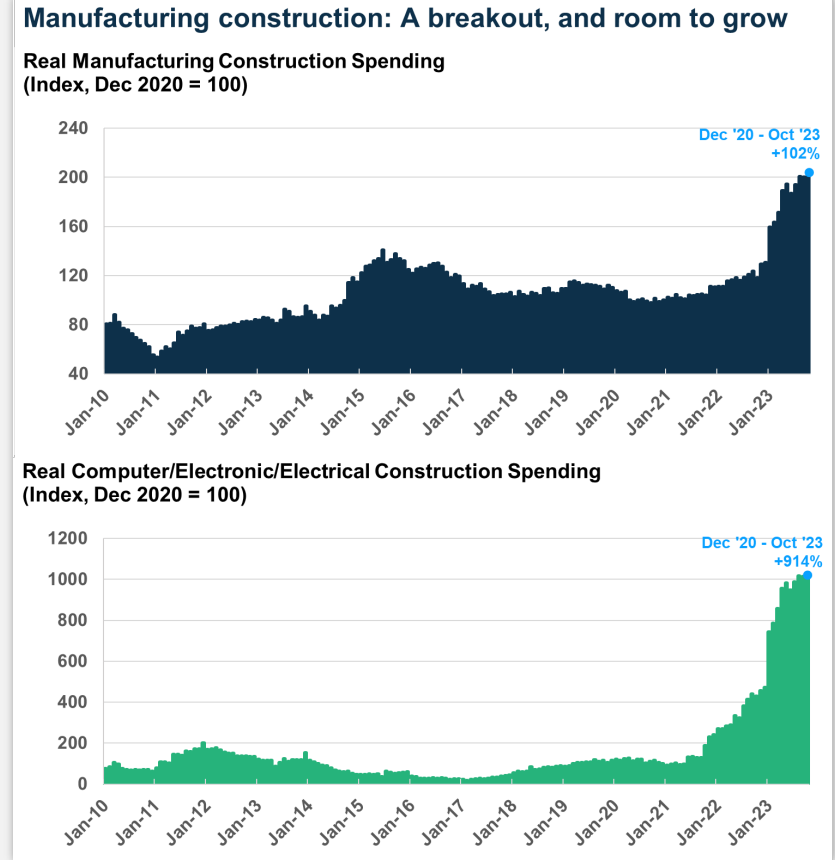
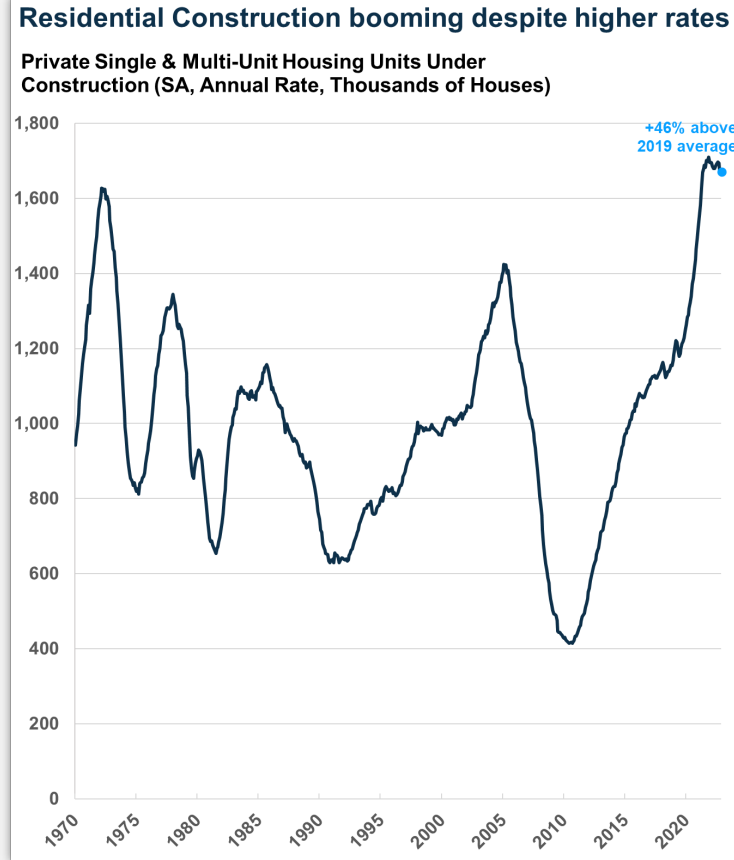
Data source chart 1: Carson Investment Research, FRED 113023 - Dashed line shows 3-month moving average



Data source chart 2: Carson Investment Research, FRED 110323 - Shaded areas indicate U.S. recessions

Lower Rates Could Be a Tailwind

Despite lower rates, we're seeing demand for new homes, which is boosting residential investment. There are a lot of multi-family units under construction as well, which is running close to an all-time record. Manufacturing factor construction is also booming as private sector ramps up construction of semiconductor and EV battery plants on the back of support from the CHIPS Act and IRA.



Data source chart 1: Carson Investment Research, FactSet 113023

Data source chart 2: Carson Investment Research, Census Bureau 113023 - Shared area indicates U.S. recession. - Construction spending deflated by PPI - New Industrial building construction (NSA)



About Those Tickets

A Potential Game Changer: Productivity

High productivity could boost wages while keeping inflation low. It'll also allow the Fed to ease up on rates, potentially boosting business investment, which is what you need for productivity gains.

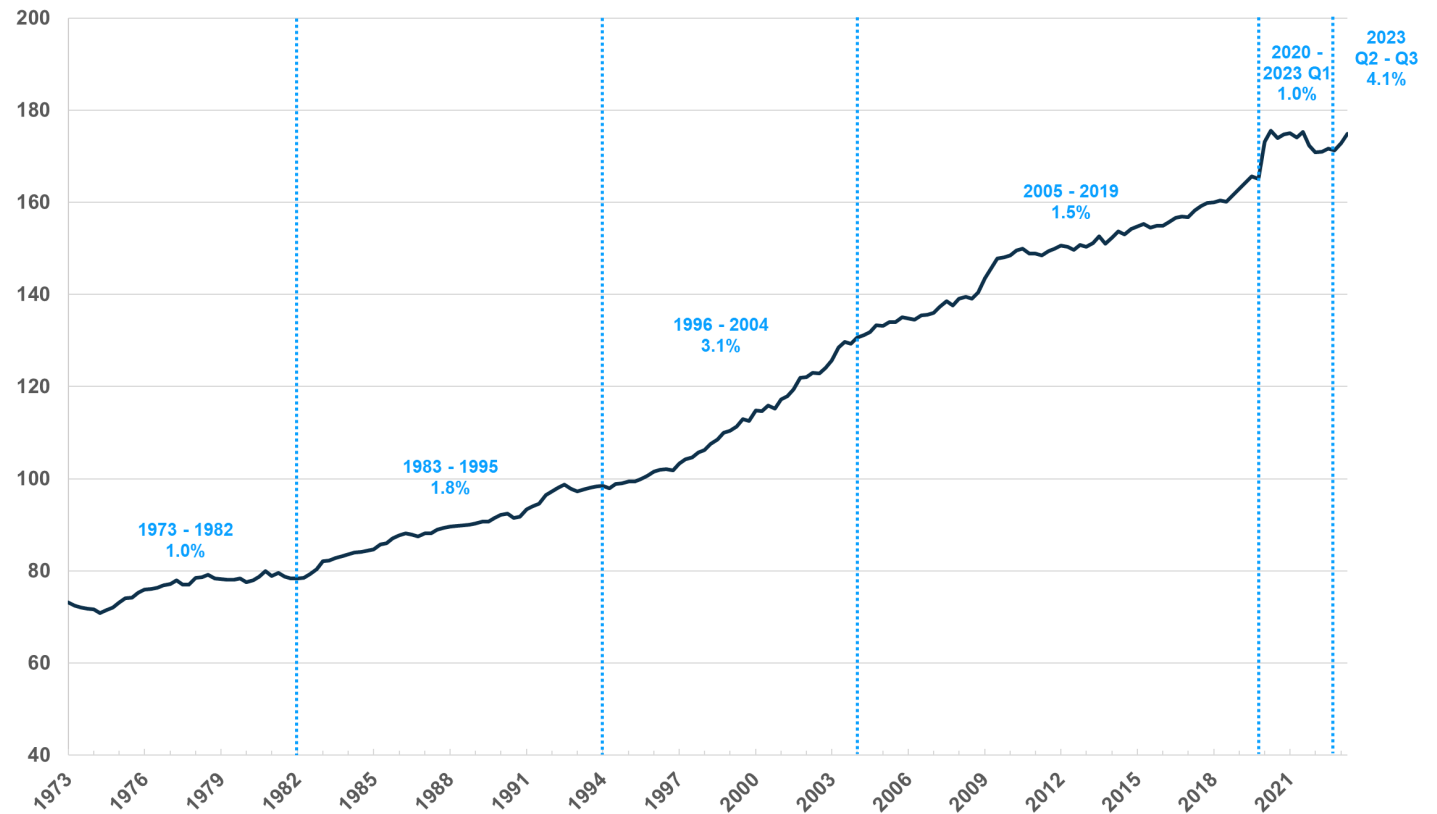


Source: Carson Investment Research, 12/12/2023

Data source: Carson Investment Research, FRED 113023

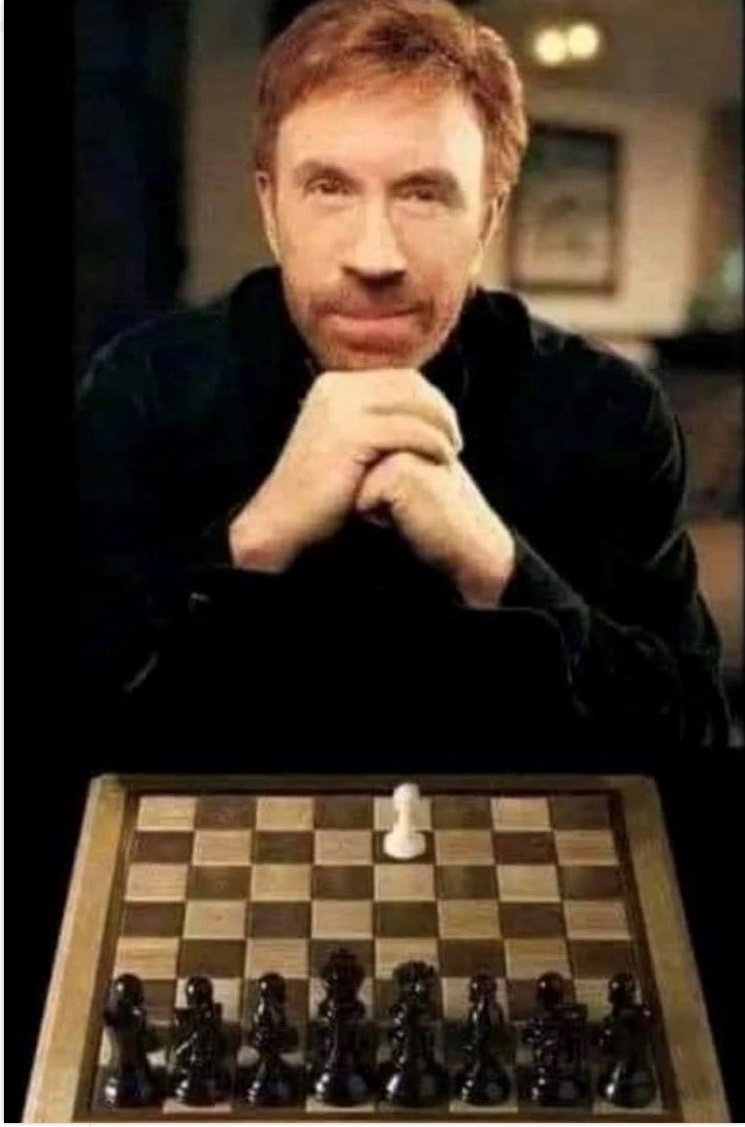
Could there be another regime shift for productivity?

Nonfarm Business: Labor Productivity (Index, Q4 1995 = 100)





Things Aren't Always What They Seem



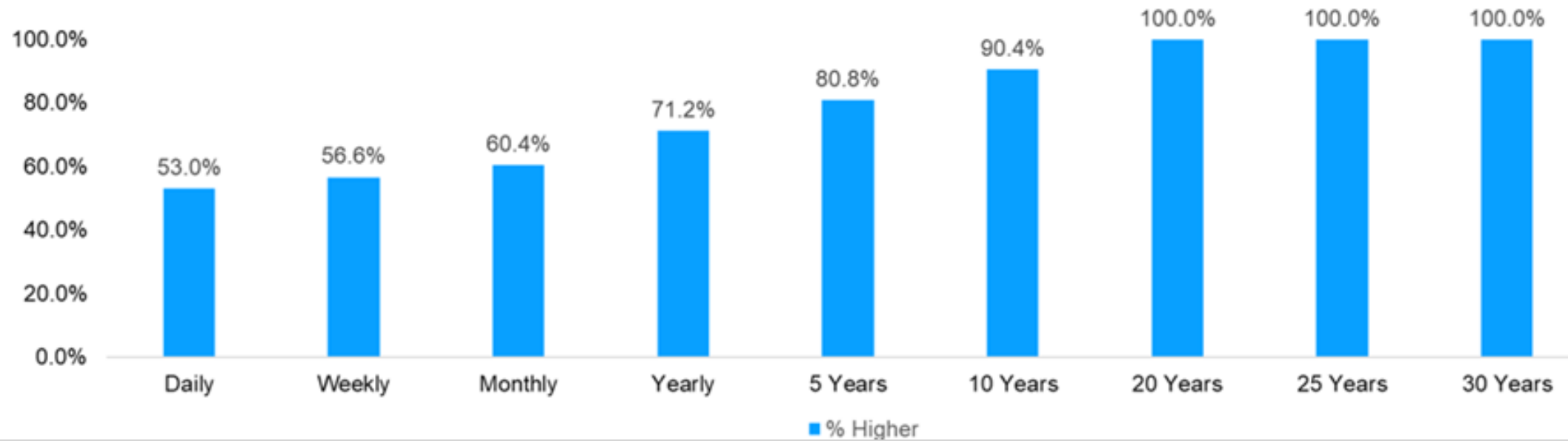
Things Aren't Always What They Seem

Things to Always Remember

Stocks tend to go up and if you are willing to hold long enough, you will likely see higher prices.

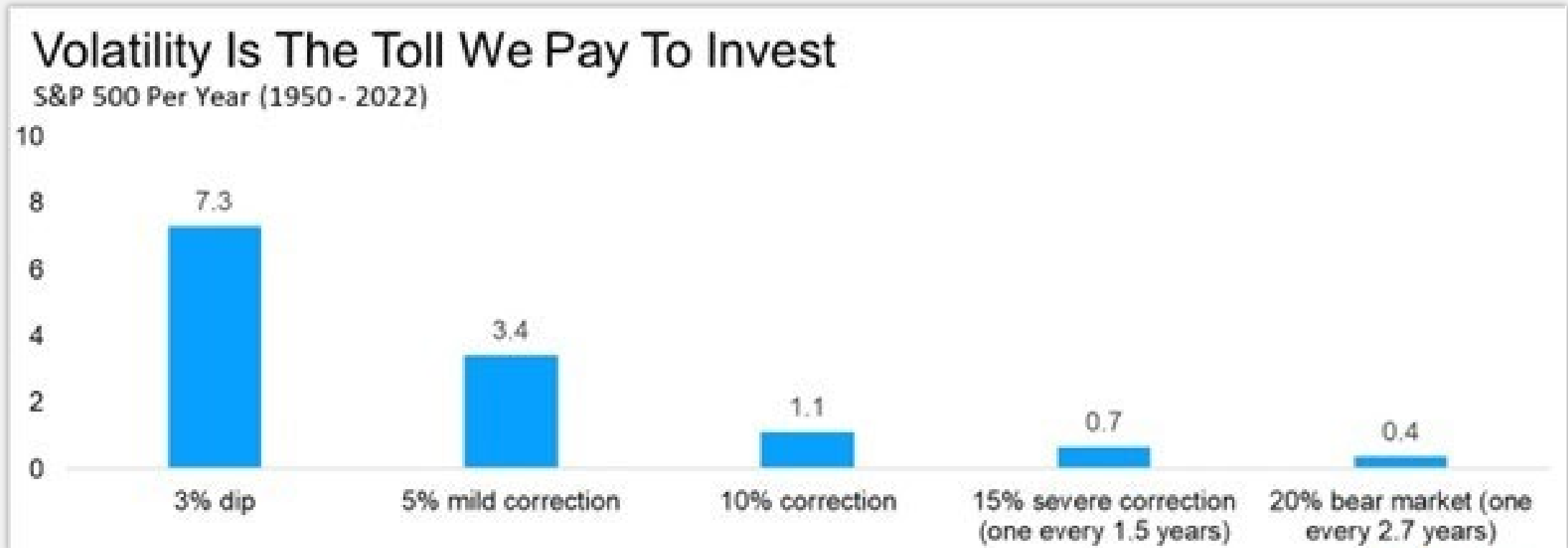
The Longer Your Holding Period, The More Likely To See Gains

S&P 500 Returns Based On Various Timeframes (1950 - Current)



Things to Always Remember

Stocks might go up, but they also can go lower or at least see volatility. Bear markets happen, corrections happen and as investors we need to learn to embrace this and not panic when it happens.





Don't Forget Seward's Folly

The Bottom Line

- 2023 was much better for investors and we expect 2024 to be another solid year.
- The odds of a recession in '24 is low, which could suggest this bull market has plenty of legs left.
- The consumer remains quite healthy, with a solid labor market and higher wages. Housing and manufacturing were both drags on the economy last year, but both are showing signs of improvement in '24.
- Inflation pulled back substantially in 2023 and many of the downward pressures are still in place. Inflation is no longer a major worry.
- The Fed hiked aggressively to combat the generational spike in inflation, but we now see a dovish Fed going forward, yet another headwind moved to a tailwind
- Stocks and bonds both should bounce back nicely, with stocks leading the way higher.

Additional Disclosures

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. This content cannot be copied without express written consent of CWM, LLC.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Group Partners, a division of CWM, LLC, is a nationwide partnership of advisors.

Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.

Due to volatility within the markets mentioned, opinions are subject to change without notice. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed. Past performance does not guarantee future results.

The S&P 500 is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

795 Franklin Avenue
Bldg. C, Suite 202
Franklin Lakes, NJ 07417
Phone: 201.891.1130

02055221-0124_CT