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INVESTMENT SERVICES

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Last Call To Enter Our 2024 Stock Market Game



You can't be a winner if you don't enter! Our 2024 Stock Market Game is underway, and the winner will be the most accurate predictor (by that we mean who made the best guess) of the closing value of the Dow Jones Industrial Average on 12/31/2024.

To enter, call (580-224-9977), e-mail (madison@ryanhobbs.com), or drop by to give us your guess. There is no cost to enter, but the deadline is March 15, 2024. For reference, the Dow closed at 37,690 to end 2023. You must pick a unique number (no ties allowed).

Please remember the contest is for fun, but winning comes with a nice prize. Best of luck for 2024!!!

PS – If you are having trouble with your guess, don't let that stop you. Madison is great at coming up with very scientific methods for creative guessing, like multiplying the number of days in a week by your birth year by the number of children you have. For me, that guess = 41,412. Sounds great 😊!!!

Last Minute Moves To Save On Taxes For 2023



Oh, where did the time go? What can you do now to save a few bucks on your 2023 tax return? There are a few last-minute moves to consider.

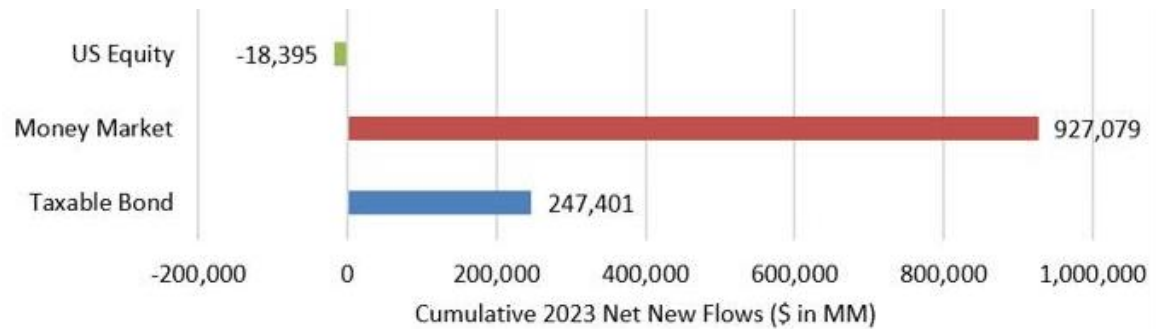
Traditional IRA – 2023 contributions may be made up to the tax filing deadline of April 15, 2024 for tax year 2023. The contribution limit is \$6,500 for eligible taxpayers age 49 or less or \$7,500 for those age 50+. A traditional IRA may provide a tax deduction at your marginal rate for 2023. If you don't qualify for the deadline (there are some income limitations), then you should consider a Roth IRA to avoid future income taxes.

HSA – The Health Savings Account has a wonderful tax incentive. If you had a HSA qualified high-deductible health plan in effect for 2023, you may make a contribution that's fully deductible and then later use the HSA funds tax-free to reimburse yourself for qualified medical expenses. The HSA limit for 2023 for individuals is \$3850 and for families is \$7750. I highly encourage you to maximize the benefit of the HSA! 2023 contribution deadlines are 4/15/2024 for tax year 2023.

College Savings – Finally, the 529 College Savings Plan may provide a small tax break for contributions and always provide a good place to store money planned to pay for higher education expenses. For Oklahoma taxpayers, there is a deduction of Oklahoma Income Tax for contributions made up to \$20,000 annually. The deadline is also 4/15/2024 for tax year 2023.

Planning ahead is always preferred, and the best way to do that is to use our Tax Return Review Service. With that, we will analyze your 2023 tax return to make certain that everything was completed properly and then consider all of the available options to optimize your 2024 tax situation. Doing this early in the year gives us ample time to make sure that we take advantage of all possibilities during the 2024 calendar year to maximize your tax situation. This is a normal part of our planning (there's no extra cost), and with it there is only upside for you. So, put us to work!!!

2023 Money Flows



What you see above is a graphic from our friends at Natixis showing where new investor money was invested during 2023. Thinking back to 2022, there was much investor angst as the year ended with negative returns in both the stock and bond markets. So, what did investors do in 2023, they piled money into money market (stable value) funds. The highest yielding money market funds today are providing investors yields of well over 5% and for many, a known +5% is a deal they deem worth taking.

Of course, we know now with the benefit of hindsight, both US stock and bond markets returned well in excess of 5% during 2023 with bonds in the high single digits and stocks in the double digits. As if often the case, what was comfortable and certain was also costly in terms of missing out on superior investment gains. We know that if rates change (move either up or down), the yield on money market funds will move with those changes. The Fed controls short-term rates, and the present expectation is to see a few rate cuts during 2024, although inflation reports are sure to have something to contribute to that conversation (if inflation does not continue to come down, rates are unlikely to come down).

That raises the question regarding investment positioning as we look forward. Smart investors should always consider both their short-term cash flow requirements (that's the role money market and fixed income investments should play) and their long-term financial goals (that's where longer-term fixed income and equity should be) when developing their investment plan. Short-term events, like elections for instance, should play a very minor role in our longer-term investment decisions. Your specific circumstances, however, are of the utmost importance, and that's why good communication is supremely important!

Living Large

Have you ever wondered about America's Federal Budget? I think many of us have certainly asked the question, is our Federal Government living beyond their means??? The graphic below from our friends at Chartr illustrate the Federal budget in an interesting way.

Living At Home – A recent study has found that nearly 50% of adults ages 19-29 still live with their families, the highest percentage since the 1940s. Even more, 68% of parents with adult children say they’ve made financial sacrifices to help their children financially, including tapping into retirement and emergency savings.

Valentine’s Day Roses – The cost of a dozen long stem roses bought on Valentine’s Day this year from a local florist was \$129.99. The average price of a similar arrangement in 1981 would run you \$65.

Politics & Investing – Despite lower inflation, rising wages, solid GDP growth, low unemployment, and consumer sentiment on the upswing, people still aren’t trusting the economy. Why? It could be their politics. A recent study found a 30% gap between consumer sentiment and economic data based on a person's political party.

11,200 – As the population continues to age, the US is now living in “Peak 65.” A record number of people will be hitting the age of 65 in 2024, 2025, and 2026—around 11,200 people a day. By 2030, all those born in the baby-boomer generation will have reached age 65.

3.1% - The Consumer Price Index (CPI) rose to 3.1% in January, which was below December levels but higher than economists had predicted. The rise is, in part, thanks to shelter prices, which remain stubbornly high and account for about one-third of the CPI weighting.

After A 34 Year Wait – Stocks in Japan hit a new record high, surpassing a level last seen 34 years ago. Japanese stocks have benefited from a downturn in China, enthusiastic foreign buyers, and the recent global stock rally from AI.

80 Is The New ??? – A decade ago, just one of the world’s 10 most populous countries had a leader who was 70 or older. Now, that number has risen to eight countries, leaving half the global population with leaders in their 70s and 80s.

2nd Time In History – After failing to reach a majority on the first attempt, the House of Representatives successfully voted to impeach Secretary of Homeland Security Alejandro Mayorkas on a second vote. This marks the second-ever impeachment of a Cabinet member; the last one was in 1876.

Super Ads – For the second consecutive year, the cost, on average, for a 30-second ad spot during the Super Bowl was \$7 million. Twenty years ago, that number was around \$2.4 million. With a fixed number of advertising spots and a guaranteed audience, advertisers are willing to endure the steep price tag. Super Bowl LVIII enjoyed a record-breaking 123.4 million viewers.

Sources: Axios, Barron’s, NBC, The New York Times, The Wall Street Journal, UPI, US Bureau of Labor Statistic

The Markets

The major US stock indexes all hit new 52-week highs in February and the S&P 500 closed above 5,000 for the 1st time.

US Market Highlights

US Stock Market
Jobs
Consumer Spending



Global Market Highlights

MSCI EAFE-International Stocks
Emerging Markets
US Housing



GDP
Interest Rates



WTI Crude
Inflation (But Declining)



Here are the selected updated market stats:

Index	2/29/2024	12/31/2023	12/31/2020	12/31/2010	12/31/2000
DJIA	38,996	37,689	30,606	11,578	10,788
NASDAQ	16,093	15,011	12,888	2,653	2,292
S&P 500	5,096	4,769	3,756	1,258	1,320
MSCI EAFE	2,286	2,236	2,148	1,658	1,405
10 Yr UST Yield	4.25%	3.87%	0.91%	3.31%	5.11%

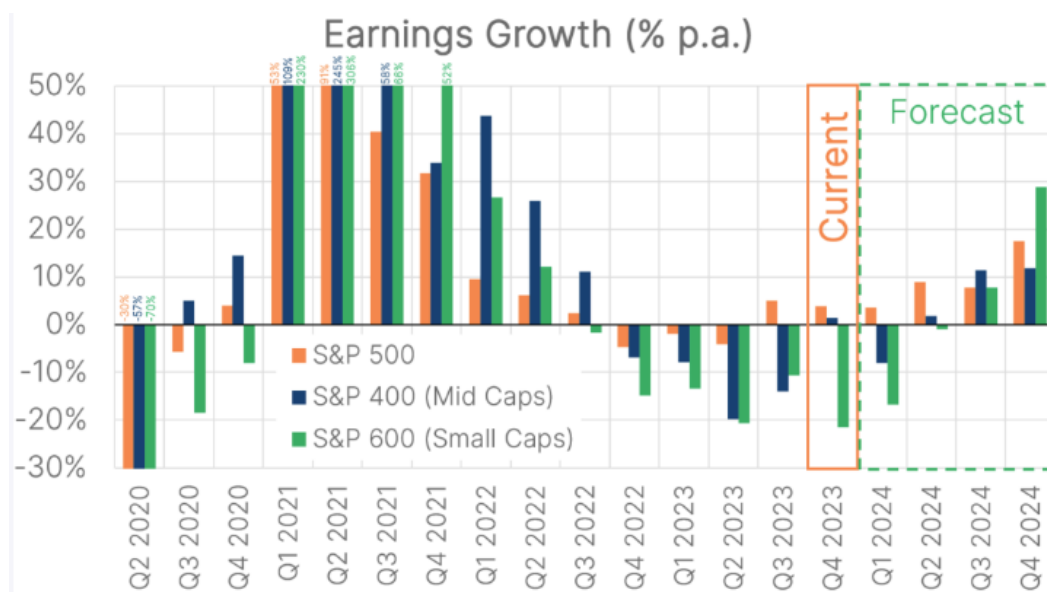
** Source: Yahoo Finance, MSCI.com

Summary

Markets recorded a solidly positive February with the Nasdaq Composite, Nasdaq 100, S&P 500 and Dow Jones Industrial Average all making new all-time highs. The Russell 2000 is still off the all-time high but made a new 52-week high. The performance was widespread as all sectors finished higher for the month.

2023 4th quarter earnings season is nearly over, with 95% of the S&P 500 having reported results. For large-cap companies, results were better than analysts initially thought, as 73% of the S&P 500 members beat projections. Those companies on average reported growth in earnings of 4%, the second straight quarter of Y/Y growth.

Smaller companies saw the opposite. According to data from Nasdaq's Economic Team, small-cap earnings are in a recession. The S&P 400 mid-caps are expected to exit this earnings recession in Q4 after four straight quarters of negative earnings growth. However, results were mixed as 6 of 11 sectors saw negative growth. For S&P 600 small caps, their earnings recession is set to continue for the sixth straight quarter in Q4 as 7 of the 11 sectors posted negative results. Analysts project this will continue for the next two quarters. "A big reason for the ongoing weakness in small caps earnings is that they have a larger share of floating rate debt than large caps, meaning the increase in the fed funds rate over the last couple years has put more pressure on their margins." This chart shows past, present, and projections from FactSet and Nasdaq Economic Research:



The U.S. bond market retreated with yields rising this month following hawkish takeaways from the January FOMC meeting. A broad repricing of Fed rate-cut expectations (bond price and bond yield are inversely

related) resulted in the yield on the benchmark U.S. 10-year Treasury moving up to 4.25% (up from 3.88% at the start of the month). The 30-year yield rallied nearly 5% and now sits at 4.365%. The yield curve remains inverted but is flattening.

Sector Scorecard

All sectors finished higher in February, but Consumer Discretionary was the biggest winner. Tech was again a strong performer led by Nvidia (rose 28% in February and has now hit \$2B in market cap).

GICS Sectors	February	Trailing 12 month %	vs. 52-week High	vs. 52-week Low
Consumer Disc.	8.7%	32.6%	-0.2%	41.0%
Industrials	7.2%	22.1%	-0.2%	26.9%
Basic Materials	6.5%	9.3%	-0.2%	17.6%
Technology	6.3%	58.8%	-0.7%	60.3%
Communications	5.7%	58.4%	-1.9%	62.0%
Financials	4.2%	15.2%	-0.5%	32.4%
Healthcare	3.2%	15.9%	-2.3%	18.1%
Energy	3.2%	6.1%	-8.4%	14.0%
Real Estate	2.4%	6.0%	-3.7%	21.7%
Staples	2.3%	8.0%	-2.7%	14.6%
Utilities	1.1%	-1.2%	-12.1%	12.8%

*Percentages shown are Total Return.

The Fed

The FOMC statement released on January 31st has resulted in a significant shift in market expectations for the first rate cut from March to June. Many had predicted that rate cuts would come early and often in 2024, and that has proven not to be the case. The Fed has stated clearly that they will be “data-dependent” and will be carefully assessing incoming data, the evolving outlook, and the balance of risks. The Committee seems intent on keeping rates steady until it has gained greater confidence that inflation is moving sustainably toward their 2% target.

World Markets

Global equities booked nice gains (4.3%) in February (in USD terms). As is often the case, results were mixed in different geographies. EM Asia saw relatively strong performance (+5.9%), while the UK was flat (0.0%) in February and down (1.3%) for the year. In China, the five-year loan prime rate – a mortgage-linked lending rate – was cut by 25bps to 3.95%, in an attempt to alleviate the ongoing property sector issues. Beijing also introduced further supportive stock market measures. That might have at least temporarily impacted Asian markets.

What Investors May Be Talking About in March 2024

Federal Reserve Chair Jerome Powell will be speaking on Capitol Hill on March 6th and 7th. His comments may significantly impact how investors set their bond and equity positions looking forward into the rest of the year. Jobs will be in focus as the February jobs report will be released on March 8th. Economists are expecting the unemployment rate to remain at 3.7%. Next comes inflation, with the CPI set to be released on March 12,

followed by PPI on the 14th. The next FOMC rate decision will be on March 20. There will be plenty of new data for investors to consider, but following the conclusion of earnings season March may provide a slower pace on the economic front. Last, but not least, is the political scenario. Of course we will elect a President, and old one or another old one, but on November 5, 2024, there will also be elections for 34 of the 100 US Senate seats and all 435 US House of Representative seats.

A Helping Hand?



From time to time, I wonder if we are living in a science fiction movie coming true in real life. Here's a headline that has me wondering...

Tesla Plans to Democratize Humanoid Robots

Elon Musk, the founder of Tesla, has publicly announced that his intent for "Optimus" is to mass produce highly useful, generalized, cost-effective labor. His ultimate goal is to manufacture millions of them and to sell them for as little as \$20,000 each. In the future robot-filled world, Optimus and its siblings would likely perform those jobs that are dull, dangerous, or boring—handling work that is repetitive and unsafe... ultimately freeing up humans to do safer, more productive work. The future may come sooner than we think!

In 2022 at Tesla's AI Day, we saw the Optimus prototype standing 5 feet 8 inches tall, with its cranial region housing Tesla's advanced AI chip. Its capabilities were impressive: lifting up to 150 pounds, carrying 45 pounds, and moving at speeds of 5 miles per hour. The envisioned movements for Optimus spanned a broad spectrum: from walking, squatting, side-stepping to more complex actions like lifting objects, ascending stairs, or using tools such as drills.

In early 2023, we saw the upgrade with enhanced object manipulation, superior environment navigation, and refined motor control. It was intriguing to watch engineers wearing motion capture equipment instructing the robot on how to perform various tasks, reflecting the depth of human-machine collaboration. Unlike its predecessor, this version confidently moved forward, recognizing and picking up items. Built with 28 actuators, it's able to deadlift 150 pounds (68 kg) and manipulate two hands, each with 10 fingers and 11 degrees of freedom. Regarding the robot's vision and ability to learn, Elon draws a parallel between Tesla's cars and Optimus. "The controls are different, but the video in controls output. The car is a robot on four wheels, and Optimus is a robot with hands and legs," Elon said. Regarding how Optimus learns, "Optimus will figure out how to do things by watching videos."

In December 2023, Tesla unveiled its newest version of the humanoid robot: Optimus Gen-2. Tesla released a [new video](#) demonstrating Optimus' improved walking ability, with the caption "Getting my daily steps in."

Elon said that there is a “good chance of shipping some number of Optimus units” in 2024, but at the same he acknowledged that Optimus is a new product and that “there’s a lot of uncertainty when you’re in uncharted territory.”

I can’t help but marvel at what the world may look like in a few short years!!!

Sources: @Tesla_Optimus, Peter Diamandis, TeslaOracle

Quotes of the Month

“Confidence is going after Moby Dick in a rowboat and taking tartar sauce with you.”

-- *Zig Ziglar*

“The people who are crazy enough to think they can change the world are the ones who do.”

-- *Steve Jobs*

“If you tell the truth, you don’t have to remember anything.”

-- *Mark Twain*

“Never leave that till tomorrow which you can do today.”

-- *Benjamin Franklin*

Riddle of the Month

What word in the English language does the following:

The first two letters signify a male, the first three letters signify a female, the first four letters signify a great, while the entire word signifies a great woman. What is the word?

Last Month’s Riddle: Death and taxes; taxes and death. They're sure to be with us, until our last breath. So, try to save money. How much can you save? They'll nickel us and dime us right down to the grave. And now that you've heard my negative chant, tell me the man's name you hear in my rant.

Answer: Nicholas (nickel us)

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Best regards,

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Securities and advisory services offered through Geñeos Wealth Management, Member FINRA/SIPC

P.S. If you are new to our E-News, we welcome you and hope that you enjoy it.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the US stock market. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. You cannot invest directly in an index. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Consult your financial professional before making any investment decision. Past performance does not guarantee future results. To unsubscribe from Ryan Hobbs E-News, please reply to this e-mail with "unsubscribe" in the subject line.