

March 2025

Before we get to the newsletter, we would like to alert clients about a recent scam that has come to our attention.

We have several of our Markets reporting that a scammer is calling clients saying they are from the Morgan Stanley Fraud Dept and there was an attempted fraud on their account. They ask the client to provide their login ID and then tell them they are sending a one-time passcode, which they then ask for and can then gain access to the clients Morgan Stanley Online account. If you receive such a call do not provide any information and give us a call immediately.

February has been a bit of a different story for the markets. With just one trading session left in February as of this writing, all three major averages are on pace to finish lower with the S&P 500 down around 2.9% for the month (CNBC). Right now the market is trying to absorb and decipher all of the news from Washington and how that will impact companies and individuals going forward.

Overall, the economy remains pretty solid. Job growth was strong in January, the unemployment rate dropped, and new claims for unemployment insurance have oscillated around the same low level in recent weeks, albeit with increases in Washington, D.C. (WSJ). Earnings growth of low double digits is still forecasted for 2025 and currently interest rates are relatively stable with the market expecting modest interest rate cuts this year (First Trust). The US Bureau of Economic Analysis released its second estimate of real gross domestic product (GDP) for the 4th quarter of 2024 on Thursday. They estimated that GDP increased at an annual rate of 2.3% in the fourth quarter of 2024, which was a slight increase from the initial estimate. The Federal Reserve's preferred gauge of inflation inched closer to the 2% target last month, according to the Commerce Department. The personal-consumption-expenditures price index rose by 2.5% over the year through January, down from 2.6% in December and the core version, which excludes food and energy costs, improved to 2.6%, from a revised 2.9% a month earlier. (WSJ)

However, uncertainty is starting to show up in expectations for the future. We have seen this most notably reflected in companies earning statements; Walmart said they “assume a relatively stable macroeconomic environment” but “that there are still uncertainties related to consumer behavior and global economic and geopolitical conditions.” In addition, according to Reuters, U.S. consumer confidence deteriorated at its sharpest pace in 3-1/2 years in February while 12-month inflation expectations surged, offering further signs that Americans were growing anxious about the potential negative economic impact of the policies of the current administration. It was announced on Thursday that the proposed tariffs of 25% on Mexico and Canada will take effect on March 4th after the one-month moratorium ends and that China will face an additional 10% levy on top of the 10% they already have (CNBC). China has already announced that there will be retaliations for any additional tariffs however it is still too early to tell if this is another bargaining play by the administration. Negotiations are still active with all parties (WSJ).

Most tax documents from Morgan Stanley should be out. As a value-added service our team is more than happy to send your documents directly to your accountant. Please let us know if this is

something you might be interested in. If you have any questions or need anything, don't hesitate to contact the team.

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