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## ➔ Maybe Rate Hikes Are Helping the Economy?

Investors and retirees who hold deposits and bonds are keeping demand strong.

David Grimaldi, Foreign Exchange Sales Consultant

For most economists is it blasphemy to say that raising interest rates could be beneficial for an economy. The yield curve has been inverted now for almost a year, which has been a steady indicator of a future recession. But where is this recession we have been waiting for and why is the economy still showing signs of strength? In Federal Reserve Chairman Jerome Powell’s own words, rate hikes are intended to “break stuff” and create unemployment. We saw some indications of stuff breaking last March in the regional bank sector, but that has proven to be limited. There could be additional failures in 2024 as New York Community Bank rating was cut to junk. Despite this, the talk among Fed presidents is minimal to no hikes this year, with inflation and growth trending back up.

Economy Keeps Going Strong		
	Start of Hikes	Latest
*GDP	2.5%	4.2%
Unemployment	3.8%	3.8%
Corporate profits	\$3.0 trillion	\$3.4 trillion
S&P 500	4,358	5,062

Source: Bloomberg  
Note: \*average of previous two quarters

**Bloomberg**

Source: Bloomberg

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## ➔ Macro Vibes — Short-Term Pain for Long-Term Gain

Christopher Brown, Vice President — Investments, Synovus Securities, Inc.

As we enter earnings season for Q1 2024, we have seen our first signs of market turbulence since the Q3 2023 lows. During this time the S&P 500 corrected nearly 10% from August to the end of October 2023. There are a few near-term indicators that have shown some of the causation of the recent volatility. One is the rapidly rising 10-year and 30-year treasury rates, and the second is the rise of the U.S. dollar. Since the end of Q1 2024, the 30-year Treasury yield has moved up from 4.35% to 4.78%; the 10-year Treasury yield has increased from 4.20% to 4.65%; and the U.S. Dollar index (DXY — Dollar vs. Yen index) has moved from 104.4 to 105.7. You may notice in the chart below that when these three indices moved upward the S&P 500, Dow Jones Industrial Average and NASDAQ started correcting. This is what is called inverse correlation.



Source: StockCharts

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## ➔ Mega-Tech's First Quarter Reporting Season Takeaways

Daniel Morgan, Senior Trust Portfolio Manager, Synovus Trust Company, N.A.

The top-tech players (Amazon, Google, Microsoft and Meta) are projected to spend collectively up to \$180 billion in artificial intelligence (AI) CAPEX in 2025. Most will fail, but a few will also succeed. As we enter into this upcoming 1Q24 reporting season, investors will be able to peep through the window for a brief moment to ascertain how the top technology stocks are progressing with their Gen-AI efforts. Away from these big expectations surrounding the impact of AI, most of the large mega-tech stocks have, or are, expected to report strong growth in their core businesses.

### Netflix

Netflix (NFLX) kicked off the season with a blowout 1Q24 print. NFLX reported 1Q24 revenue and an earnings per share (EPS) of \$9.37 billion, \$5.28 vs. consensus of \$9.27 billion, \$4.52, with EPS upside driven by better-than-expected margins. Total revenue grew 15% Year over Year (YoY) versus 14% estimates and compared to 13% growth last quarter, and 8% a year ago. Total memberships grew to 269.6 million versus 264.2 million expected. New subscribers (9.3 million) in the first quarter was a 16% increase YoY, and represented a huge beat with consensus calling for 4.84 million, driven by increasing penetration of paid account sharing across regions.

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## ➔ Minimize Taxes on the Sale of a Business

Jarrett E. Hindrew, CFP®, ChFC®, CLU®  
Financial Advisor, Creative Financial Group

Reducing the tax impact on the sale of your business requires careful planning and consideration of various strategies to maximize tax efficiency. Here are some key approaches to consider when selling your business:

### Structuring the Sale:

- **Asset Sale vs. Stock Sale** — Depending on your business structure, consider whether an asset sale or stock sale would be more tax-efficient. Generally, a stock sale is better for the seller and an asset sale is better for the buyer. In a stock sale, the seller can realize the gain on their business at preferred capital gains tax rates. In an asset sale, any gains are exposed to the seller's ordinary income tax rate on certain assets.
- **Installment Sales** — Structuring the sale as an installment sale can spread the gain over multiple years, potentially lowering the overall tax impact.

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