

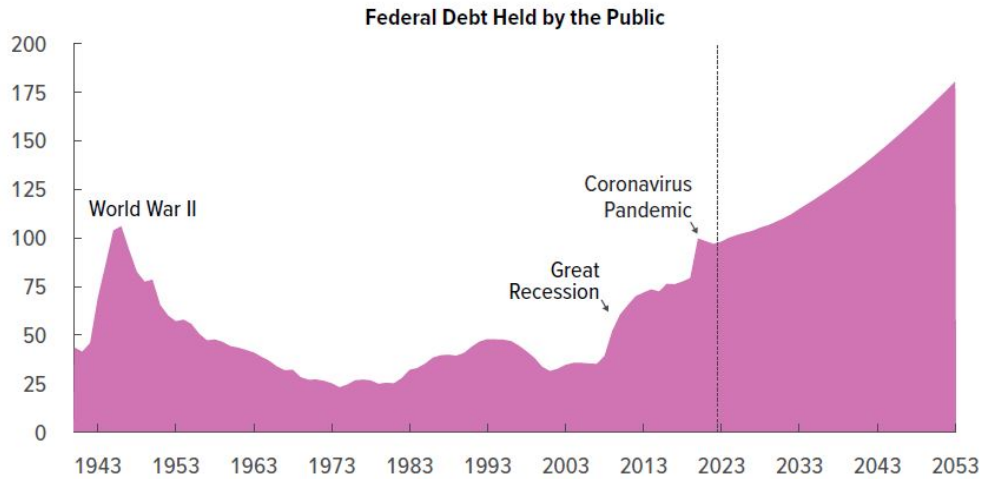


A Picture is Worth 1000 Words

February 2024

“One picture is worth 1,000 denials.” – Ronald Reagan

Am I a cynic? Yes! But a healthy dose of cynicism helps keep people, including myself, grounded, and also helps balance optimism and pessimism. I also know two things about the future that are certain: one, that the future is by definition unknown and unknowable, and two, that everyone’s interpretation of the future is unavoidably subjective. So, with that being said, I’m going to present a few interesting charts but keep my commentary to a minimum. You see, I want you to make your own interpretations, knowing they are just as subjective as mine or anybody else’s. For my part, I believe facts are what they are (i.e., it is what it is), and certain glidepaths have inevitable outcomes – and you can only postpone the inevitable for so long...



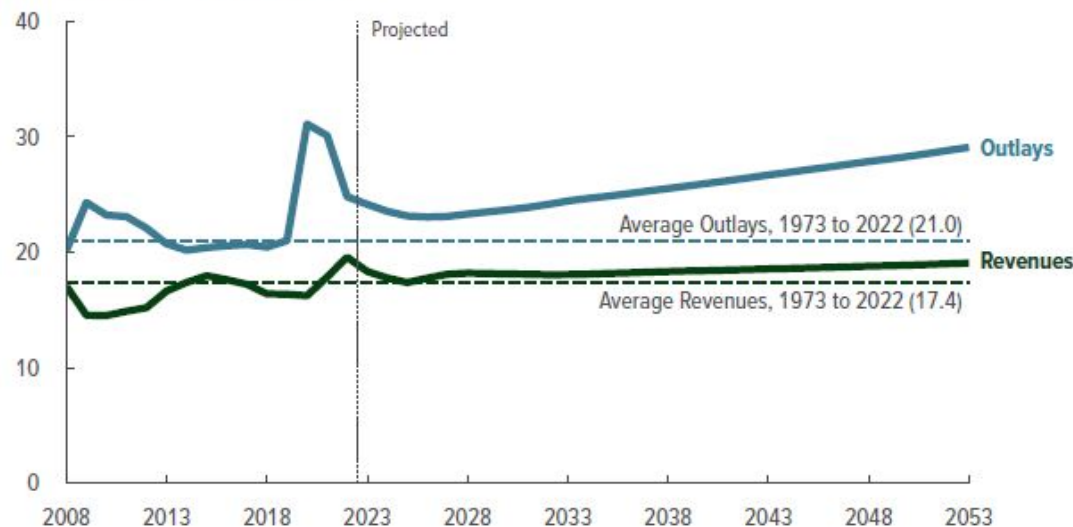
Growing deficits push federal debt held by the public, which is already high, further up throughout the 30-year period. Such debt reaches 181 percent of GDP in 2053—and would continue to rise thereafter.

Data source: Congressional Budget Office. See www.cbo.gov/publication/59014#data.

Primary deficits exclude net outlays for interest.

Total Outlays and Revenues

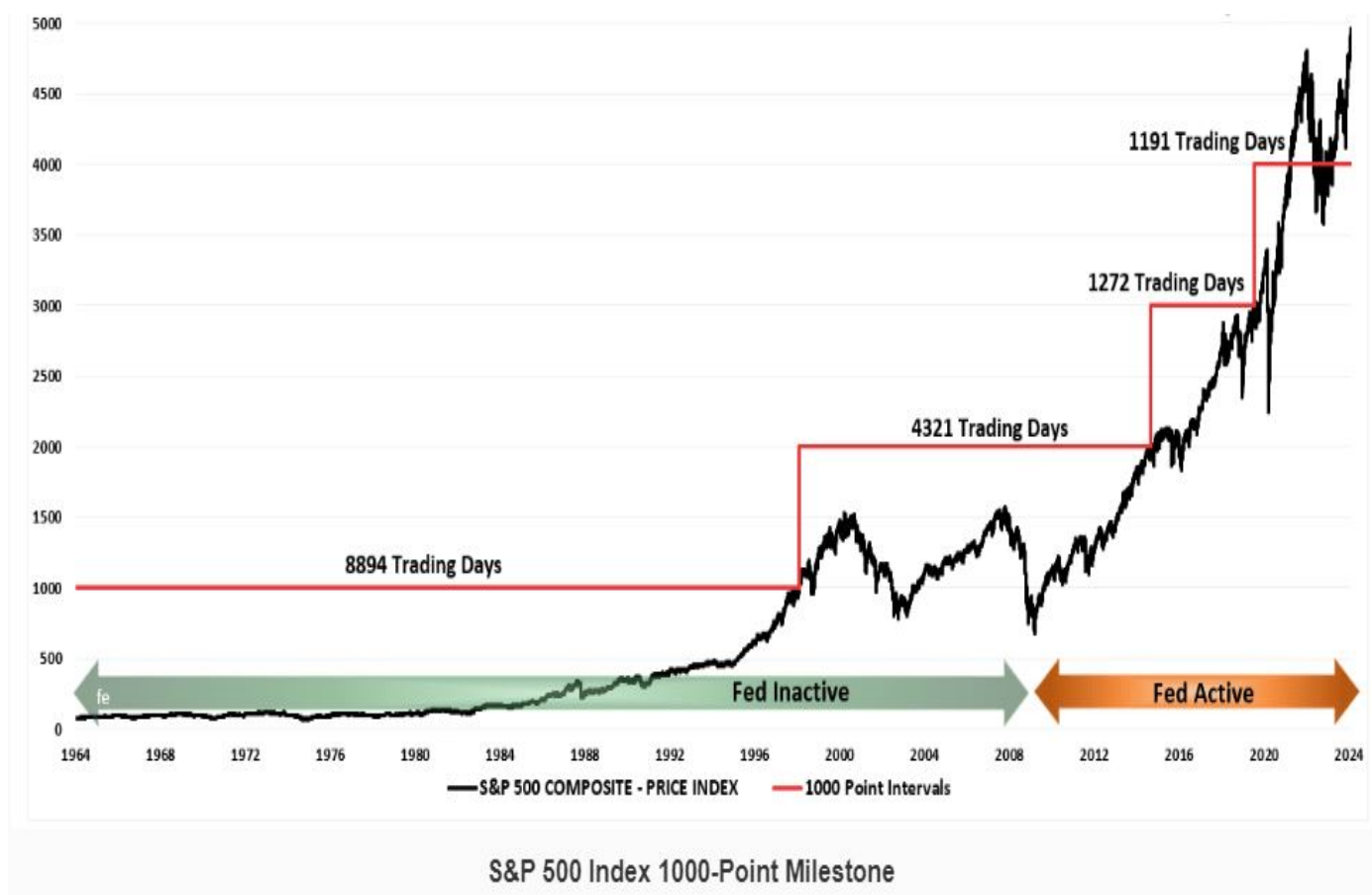
Percentage of Gross Domestic Product



In most years, growth in outlays is projected to outpace growth in revenues, resulting in widening budget deficits.

Data source: Congressional Budget Office. See www.cbo.gov/publication/59014#data.

What's our opinion of the prior two graphs? Well, without getting into the weeds, the debt simply seems unsustainable, and there's too little tax revenue to cover increased (and increasing) spending; interest on the debt and growing entitlements alone are two of the many reasons we speculated in the last newsletter that the U.S. may be whistling past the graveyard – I hope we're wrong! In the meantime, look at another graph...



Our interpretation of this chart (by Lance Roberts of Investing.com, 02/06/2024) is that no one should be complacent about the stock and bond markets. Please understand we are not saying the markets are going to crash soon, we just believe the data warrants a bit more vigilance than normal. Given a choice of optimism or pessimism, we always choose optimism, with the strong belief that proactive planning can help you participate in the good times yet protect against the bad. But remember, if your perspective and interpretation of the future gets too optimistic or pessimistic, you may fall into a state of denial, which I believe Ronald Reagan was forewarning us against – so as not to be prone to unintended consequences.

Have a happy and healthy end to Winter, and thanks so much for your friendship and trust!

R. Timothy Curran, JD, CFP®

tcurran@lpl.com Direct 704.499-9703

Opinions in this material are for general information only and not intended to provide specific advice or recommendations for any individual. Performance referenced is historical and no guarantee of future results. Economic forecasts in this material may not develop as predicted and there is no guarantee strategies promoted will be successful. All indices are unmanaged and cannot be invested in directly.

www.TheFinanceCouple.com

Securities and advisory services offered through LPL Financial, a registered investment advisor, member FINRA/SIPC. TWC Wealth Management and The Finance Couple™ are separate entities from LPL Financial.