FIRST SPECTRUM
FINANCIAL

	First Spectrum Financial
	2681 N. Santa Fe Drive
	Merced, CA 95348
	408-396-0369

Investing Ideas For 2025

Investing Ideas For 2025

Your investments are valuable component of your financial well-being. While it is important to "focus on the long-term;" during complex times as we have today, it is necessary to evaluate your personal progress and review your options.

Nobody knows where investment markets are heading in 2025. But it seems likely that U.S. and perhaps global equity benchmarks will be volatile and unpredictable all year. Wherever they finish, with proper attention, you should be able to look back and believe that you have proactively and creatively anticipated challenges and implore actionable protective measures.

2024 was a fast and productive year for the markets and Wall Street, but it appears its conclusion overall might have missed the mark for Main street - Higher interest rate, higher prices - Inflation still a concern, and a volatile market but with upside.

The tech laden **NASDAQ** Composite Index is up 4299.44 points or 28.64% this **year** to 19310.79, and the **S&P 500** enjoyed a banner year. It topped 5,800 for the first time in early October, ending with a 32% gain! The S&P dividend return was 1.32 but up 1.71**%**. The broadest measure of U.S. blue-chip shares is up just over 25% for the year.

The U.S. Market should perform well, but may under-perform toward year-end especially, as we face a challenge in the Real Estate Market, especially in the Commercial Segment.

For 2025, we anticipate interest rate will come down, Federal Reserve should continue to cut the funds rate down to about 3.25-3.5% down from 4.5% to 4.75% current policy rate. This may accelerate mortgage refinance, M&A activities, and corporate debt expansion. However, the government's net fiscal position may not cover the net savings desires of the private economy. This may create a private economy's spending gap resulting in a lack of aggregate demand that may lead to deflationary pressure, debt will expand, stock market will continue its upward trend as defaults increases.

Here are Four (4) ideas that could prove to be of value:

We can help you evaluate the minimal, modest or major changes that are warranted to weather the current market environment. ***The action you take over the next 30-60 days can influence your investment outcome.***

Call us to discuss your options – 408-396-0369.

https://firstspectrumfinancial.com/

Four (4) Investment Ideas for 2025

1. **Increasing Cash – To t**ake the opportunity of the rising market to increase your cash position. As aggregate demand continue to be fueled by debt, consumers become tapped out, and inflation remain persistent, the next phase of the U.S. economy may tilt toward "dragflation." By increasing your allocations to cash, you can position portfolios to take advantage of emerging opportunities and secure your liquidity. A **deflationary environment** has negative impact on asset values, so cash preserves assets and provides liquidity for future acquisitions at lower prices.

o An **inflationary environment** produces higher interest rates, which creates opportunities to buy bonds at lower prices (and higher yields). Note, FED action may include rate increase to fight inflation. We think inflation will recede in 2025.

Fundamental Foundational Block – Federal minimum wage has stagnated at $7.25 per hour since 2009, with a debt laden economy comes dried up net disposable income, the typical accompanying increased interest rate and debt service – A debt trap, will not hold this time, as FED will reduce rates to accommodate political pressure! War appears lingering in the horizon. Let's hope Donald Trump seeks peace.

Retirement survival - If you are within five years of your retirement, it is time to revise your investment profile and asset allocation.

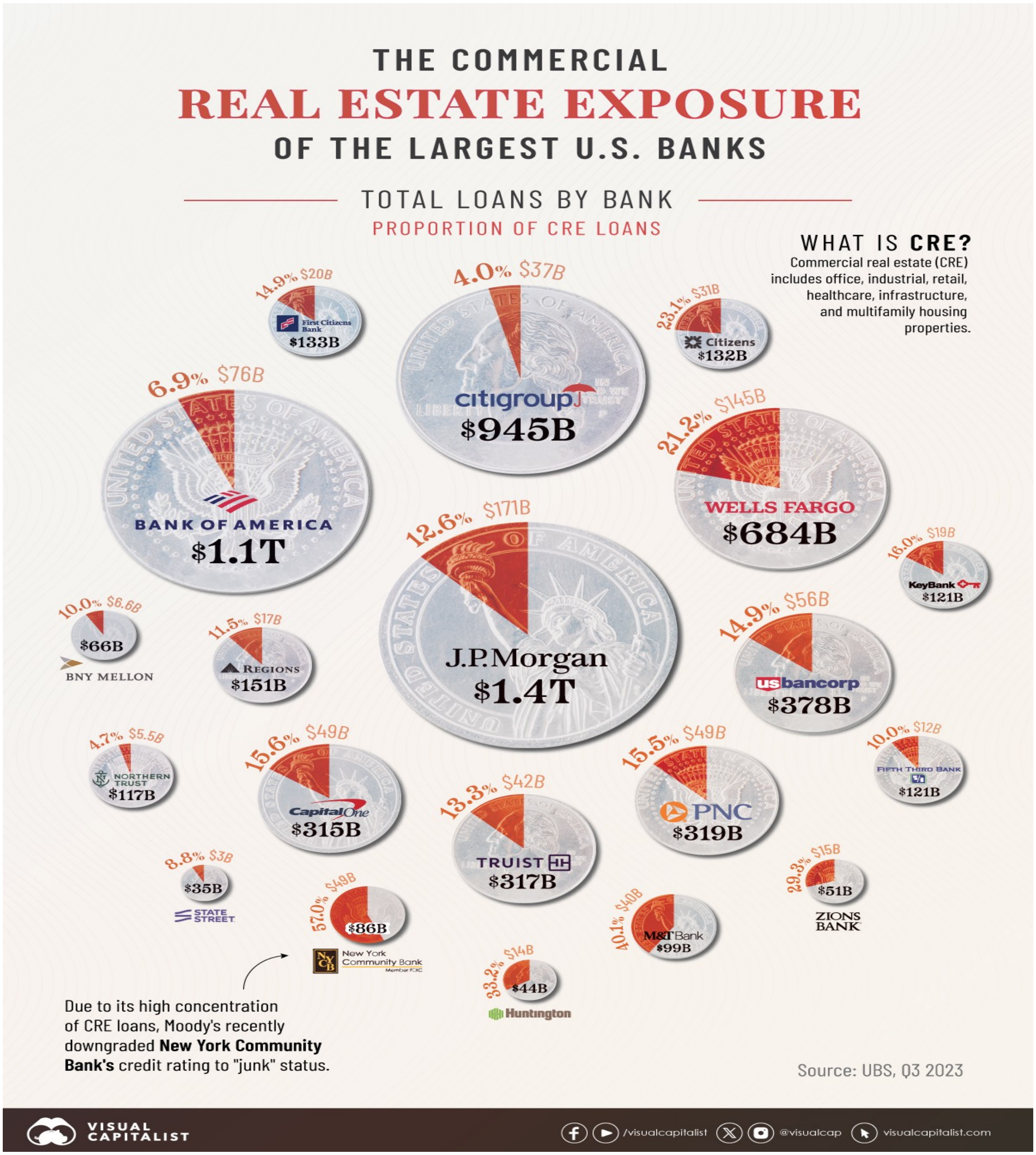
To retire well, you must transition from an accumulation phase to a preservation phase. This involves de-risking your portfolio. To de-risk your portfolio, you need to reset your asset allocation model and then reposition your assets. **Be mindful of the seven (7)major risks associated with retirement** in general, and yours in particular.

2. **Asset Preservation** – There are four scenarios we see on a macro basis – taxes – targeted decrease, persistent inflation, lower interest rate - continued deficit financing or de-leveraging. For you, we advocate de-leveraging, re-balancing your portfolio, and we emphasize asset preservation.

So, what can you do now?

1. **Fixed Investment -** Invest in CDs (FED Rate down-ward Policy), MYGA Products, and FIAs that allows you to capture the upside if the market goes up, but lose nothing if the market goes down.
2. **Marketable Securities –** If you want to invest in the market, look for sectors that are defensive or anti-cyclical – Consumer Staples, Consumer Durables, Utilities,look for dividend paying

stocks, Crypto and Non-Mortgage Financial - A lot of big banks have significant exposure to commercial loans and potential default especially in Office Properties.



https://firstspectrumfinancial.com/

3. **For best dividend paying stocks for the long-run:**
   a. Select quality businesses that has a proven record of growth, profitability, and stability.
   b. Look for businesses that pays you the most dividend.
   c. Make sure with the dividend pay-out, the company has a built in margin of safety.
   d. Make sure the company has an history of stable growth.
   e. Keep in mind that companies that are defensive players weather recessions and panics.
   f. Look for value.
   g. Make sure the dividend pay-out is consistent, stable, and growing. If it reduces, watch out!
   h. Diversify. As the adage goes, "Don't put all your eggs in one basket," we add except if young and want to build fast.

4. Turn off the T.V. or other noisy media --- stop listening to the noise of the Pundits and unreliable information that has nothing to do with your situation except to entertain. "**Nervous energy is a great destroyer of wealth.**"

Why You Must Pay Attention

Real estate – U.S. home prices are experiencing the largest growth lines (albeit on the wane)since the Great Depression, especially 2008; and many observers believe prices will most likely bottom in 2025. Wall Street (especially Private Equity groups such as Blackstone and Pretium Partners) have purchase hundreds of thousands of Single-Family homes, this poses significant risk as prices for detached homes, and rents for both these homes and apartments have increased faster nationwide, especially in key Sun Belt states than the national average. Commercial real estate is also worrisome and has begun to show signs of stress.

The credit crunch – Banks are worried about rising delinquency rates on many types of credit including car loans, student loans, credit cards,commercial and construction loans. Many banks are tightening credit standards.

Corporate earnings – Fourth quarter earnings season for 2024 is in its latter innings. The S&P 500 **earnings** growth rate will likely come in just below the 6% mark for the third quarter. In view of the current sentiment, especially with current economic events, wars and Geo-politics; data points suggest downside might be a low probability. The bulls will have something to cheer.

Inflation - The annual inflation rate for the United States was 2.7% for the 12 months ending November, compared to the previous rate increase of 2.6% according to U.S. Labor Department data published on December 11, 2024. Economic uncertainty, tariffs, fiscal policy, tax-cuts,are some things to keep an eye on that may moderate in 2025.

Employment - Layoffs and unemployment is up 4.2 percent from 3.7 percent early in 2024, however, hiring rates are stabilizing. We may experience higher unemployment, but it would predominately be because employers are holding back due to concerns of potential economic uncertainty. Nonetheless, Artificial intelligence appears would be a bright spot. Overall, we expect mild growth albeit in the service sector and with low wages.

The Federal deficit - The Budget and Economic outlook through 2032 based on CBO’s projection with unchanged current laws totals, projects deficits will grow to $1.8 trillion by 2025, breach $2.0 trillion by 2031, and grow to $2.6 trillion by 2034. GDP per capita growth for 2025 is likely to exceed $66,000 up from about $65,000. However, Real GDP, we expect will grow by a little over 2.5 percent compared to the 1.9 percent consensus. We see less than a 17% chance of a recession barring a surprise such as intensified war in the Middle-East.

The U.S. dollar - The US Dollar is the single most popular currency in the world, and is the dominant reserve currency in use around the globe. The USD is often called 'The Greenback.’ However,due to extensive U.S. use of sanctions, there are rallying competing bloc to dislodge the Dollar primacy. This may bode well for Gold and Crypto. A lot of countries are looking to transact in other currencies, raising fears of “de-dollarization.” High global demand for dollars however, will continue to allow the United States to borrow money at a lower cost; and use currency as a tool of diplomacy, but with a lot of burden.

Income taxes - Taxes may be reduced by the Trump Administration perhaps favoring more of the donor class with a token to the middle. The Tax rate reductions enacted by Congress in 2001 and 2003 was scheduled to expire, except for the added tax break provided in the 2017 Tax Cut and Jobs Act (TCJA). Biden promised to increase income taxes on the wealthiest taxpayers. Not much. There are three key points worth noting:

- Higher tax brackets for 2023 as a result of inflation adjustments

- Standard deduction will increase to $27,700 for married couple, and $13,850 for single taxpayers

- ❖ Changes are made to AMT (Alternative Minimum Tax), Estate Tax Exemptions, Earned Income Tax Credit, and Flex Spend Accounts.

Below are 2023 Marginal Tax Brackets for Married and Single Taxpayers (Source – IRS):

Marginal tax brackets for tax year 2023, married filing jointly

The table shows the income brackets for married couples filing jointly for the 2023 tax year.

$22,000 or less	10% of the taxable income
$22,001 to $89,450	$2,200 plus 12% of amount over $22,000
$89,451 to $190,750	$10,294 plus 22% of amount over $89,450
$190,751 to $364,200	$32,580 plus 24% of amount over $190,750
$364,201 to $462,500	$74,208 plus 32% of amount over $364,200
$462,501 to $693,750	$105,664 plus 35% of amount over $462,500
$693,751 or more	$186,601.50 plus 37% of amount over $693,750

Marginal tax brackets for tax year 2023, single individuals

The table shows the income brackets for single individuals for the 2023 tax year.

$11,000 or less	10% of the taxable income
$11,001 to $44,725	$1,100 plus 12% of amount over $11,000
$44,726 to $95,375	$5,147 plus 22% of amount over $44,725
$95,376 to $182,100	$16,290 plus 24% of amount over $95,375
$182,101 to $231,250	$37,104 plus 32% of amount over $182,100
$231,251 to $578,125	$52,832 plus 35% of amount over $231,250
$578,126 or more	$174,238.25 plus 37% of amount over $578,125

The trade deficit – According to Council on Foreign Relations, "President Donald J. Trump has made reducing the U.S. trade deficit, which has expanded significantly in recent decades, a priority of his administration. He and his advisors argue that renegotiating trade deals, promoting "Buy American" policies, and confronting China over what they see as its economic distortions will shrink the trade deficit, create jobs, and strengthen national security," well, we harbor $621 billion deficit, representing about 3 percent of gross domestic product (GDP). The deficit has averaged $535 billion since 2000, much higher than in previous decades except for a surplus or a small deficit through the 1960s and 1970s, after which a large deficit opened since the 1980s until today. We anticipate a trade war led by tariffs that may be imposed especially on China. This may cause short term pain for consumers.

Strategy/Tips

For free, Request the Top selling book **"Top 10 IRA Mistakes - "How To Avoid IRA Tax Traps"** and also get a 30 minute FREE consultation. You will get a customized actionable solution to address your financial concerns.

https://firstspectrumfinancial.com/

Provided by Ade Adesokan, CFM

For over 34 years, Mr. Ade Adesokan has worked with Seniors, Health Care Professionals, and Business Owners to safely invest over $450 million into secure investments that assures the return of client's money and offers them safe, reliable income with reasonable growth that is dependable. His professional experience includes working as a Corporate Controller, Financial Analyst, and a Senior Advisor for Metropolitan Life and Merrill Lynch. He re tired at 59 in 2016, and was recently brought back by ANOFE - American Network of Financial Education to support their public education program.

Mr. Adesokan worked his way through college at Berkeley, and holds an M.B.A. degree from Golden Gate University in San Francisco. He's a Certified Financial Manager, an author, and a frequent guest lecturer on financial matters. Mr. Adesokan has provided financial advice on Radio Shows, and also seats on the Board of Outreach, a $40 million dollar non-profit organization that provides services to the Seniors and the disabled.

He enjoys working with Seniors and other mature individuals who want safe, profitable ways to grow their money, get guaranteed supplement income for life, reduce taxes, and maximize financial returns by investing in assured income and growth programs.

Four reasons why Ade and his firm stands out:

1. **We look for creative solutions to solve the varied financial concerns of each one of our clients.**
2. **We provide independent and objective recommendations motivated only by the best interest of the client.**
3. **We get paid when we perform for our clients – if our clients win, we win.**
4. **Our clients can implement the objective recommendation wherever they wish and we are independent , not beholding to anyone.**

Who we look to help:

- ✓ **A person that has an IRA, 401(k), 403(b) and other retirement accounts.**
- ✓ **A person that has a Rollover or needs to rollover his/her 401K plans due to change in employment, or retirement.**
- ✓ **Someone who will like to make more on their CDs or Savings accounts.**

For references or a consultation,

Call :

408-396-0369 ***(PST)***

https://firstspectrumfinancial.com/

First Spectrum Financial.

A Member of ANOFE (American Network of Financial Education)

2681 N. Santa Fe Drive,
Merced, CA 95348