



December 27, 2023

Dear Valued Alpine Bank Customer:

The team at Alpine Bank Wealth Management\* (ABWM) sends their warmest holiday wishes to you! We sincerely thank you for your business and your support this year.

We hope you have enjoyed learning about each of our team members in our monthly Financial Newsletter. Our team of eager and dedicated professionals strive to provide personalized, attentive, and thoughtful service to each of you every day.

As we finish out 2023—ABWM's 25th anniversary year—we see that the global economy has proven more resilient than many expected it to be this year. This is partly because monetary policy has not been as restrictive as initially thought. Fundamental changes to the global economy have pushed up the neutral rate of interest—the rate at which policy is neither expansionary nor contractionary.

Various other factors have blunted the normal channels of monetary policy transmission, including U.S. fiscal policies, improved household and corporate balance sheets, and tight labor markets that have resulted in real wage growth. Analysis suggests that these offsets almost entirely counteracted the impact of higher policy interest rates.

However, monetary policy in 2024 is expected to become increasingly restrictive as inflation falls and offsetting forces wane. The economy may experience a mild downturn as a result, but it is necessary to finish the job of returning inflation to target.

The inversion of the yield curve has tended to act as a historical recession predictor with some form of recession typically occurring 6 to 24 months post inversion. This inversion first occurred near the middle of 2023, which, historically speaking, could predict some level of recession in 2024 or early 2025.

Markets are currently pricing at the first rate cut from the Federal Reserve in May. The benchmark borrowing rate will finish 2023 in the 4.00% to 4.50% range, down from the current target range of 5.25% to 5.50%. It appears the hiking cycle of interest rates is over.

Whatever the markets bring in 2024, Alpine Bank is your trusted financial partner. We appreciate your continued confidence in us, and we look forward to providing you with excellent service in 2024 and beyond.

Sincerely,

A handwritten signature in blue ink, appearing to read "Darla Daniel", with a stylized flourish at the end.

Darla Daniel, J.D.,  
President of Alpine Bank Wealth Management

