

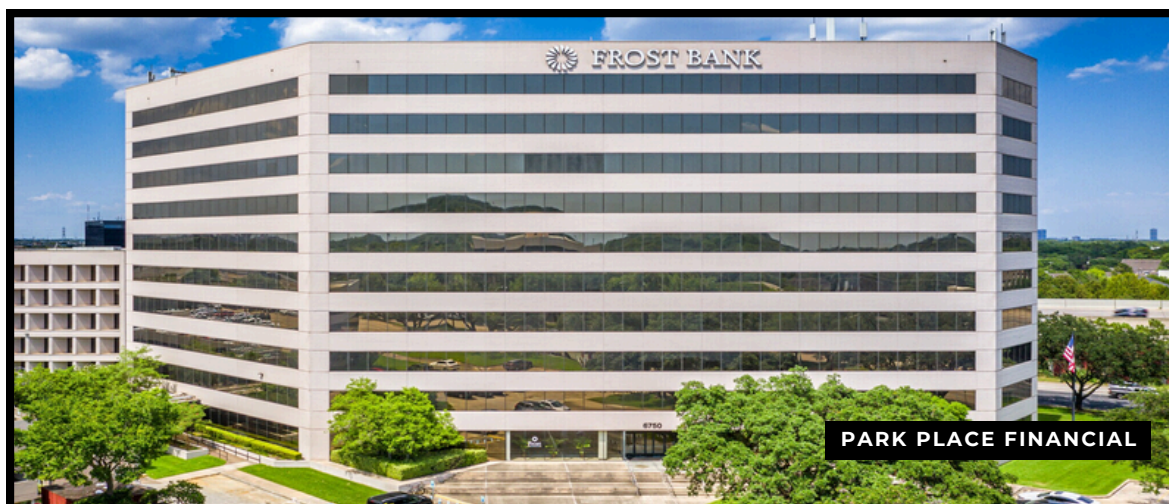
2025 First Quarter Newsletter

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Tariffs, Trends, & Transitions: A Preview of 2025

What to expect in 2025

As we head into the first quarter, we're continuing to schedule client reviews to ensure your financial plans remain on track. To make the process easier, we've introduced a new online scheduling system—simply visit our website to book your next review at your convenience. Of course, you're always welcome to call us directly, and we'll also be reaching out to help coordinate appointments.

We're committed to keeping you informed, and our quarterly newsletters will continue to cover timely themes relevant to the economy and market trends. Additionally, we'll host webinars throughout the year to share market insights, provide updates from our office, and engage with your questions. Stay tuned for more ways to stay informed and connected!

The Revival of Tariffs

Tariffs—taxes on imported goods—are not a new policy tool. Historically, they have been used to protect critical industries considered vital to national interests. While tariffs fell out of active use after the 1930s, they reemerged as a major policy focus in recent years, particularly during Donald Trump's presidency

Tariffs Post-Trump: A Bipartisan Tool

Surprisingly, even after Trump left office, many of his tariffs remained. The Biden administration not only maintained these policies but also expanded on them. This shift reflects growing bipartisan support for tariffs as a tool to protect American industries and compete on the global stage. If you're interested in what tariffs will be imposed, reference page two that will be an in-depth explanation of how tariffs will affect us economically and personally.

In this newsletter
you can expect:

Community
Updates

Client Reviews

The Return of
Tariffs: A Look
at Their Past,
Present, and
Future

Golfer's Digest

The Return of Tariffs: A Look at Their Past, Present, and Future

What Are Tariffs?

At their core, tariffs make imported products more expensive. This encourages domestic production by making homegrown alternatives more competitive. The idea is simple: protect key industries, create jobs, and reduce reliance on foreign goods.

Tariffs in Trump's Presidency

During his 2016 campaign, Trump championed tariffs, a policy stance he had advocated for decades. His administration implemented targeted measures, such as:

- 30% tariffs on solar panels and imported washing machines (phasing down over four years).
- 25% tariffs on steel and 10% on aluminum, aimed at bolstering U.S. manufacturing.

While these measures were designed to protect specific industries, they also had broader economic effects. For example, the Peterson Institute estimated that these tariffs contributed about 0.25% to the Consumer Price Index, reflecting a modest increase in inflation. The trade landscape also shifted. The U.S. trade deficit with China decreased, but trade deficits with other countries increased as consumers redirected purchases to non-Chinese imports rather than domestic goods.

What Could the Future Hold?

Looking ahead, the prospect of "Tariffs 2.0" looms large. Proposals for the next round of tariffs include:

1. A blanket 10% tariff on all imported goods.
2. A 60% tariff on Chinese goods.
3. 100% tariffs on cars made in Mexico with Chinese parts.

These proposals could generate an estimated \$300 billion annually, a tempting revenue source as the U.S. fiscal deficit nears \$2 trillion. However, the economic impact could be significant:

- For Consumers: Higher prices on imported goods could lead to reduced consumption.
- For Businesses: Companies may search for cheaper domestic inputs or face tough choices between raising prices or cutting profits.
- For Trade Relations: Trading partners could retaliate with tariffs of their own, making it harder for U.S. manufacturers to compete overseas.

Economic Ripple Effects

If implemented, these new tariffs would likely increase inflation. Estimates vary, with predictions ranging from a 0.5% to 1.5% rise in inflation depending on the rollout. Higher inflation could constrain the Federal Reserve's ability to lower interest rates, further complicating the economic landscape.

Tariffs and Your Wallet

Though tariffs might seem like a distant policy issue, they have tangible effects. From the price of a new appliance to the cost of a car, tariffs influence everyday expenses. While presidents can impose tariffs with relative ease, they can also dismantle them quickly if economic fallout proves too severe. For investors, diversifying portfolios to include companies less exposed to tariff risks can help mitigate potential impacts. As the global trade environment evolves, staying informed will be key to navigating these changes.

Stay tuned as we monitor these developments and their potential effects on consumers, businesses, and markets!



GOLFER'S DIGEST



As I continue my journey toward becoming a scratch golfer, I've had the opportunity to play some incredible courses in Houston. Each course offers a unique experience, and here's my ranking of the best all-around courses along with my detailed thoughts on each:

Memorial Golf Course: This course stands out as one of the best public courses in the city. Its double-deck driving range is a real highlight, providing plenty of space and great facilities for practice. The course itself is well-maintained and offers a challenging yet enjoyable layout that caters to golfers of all skill levels.

Sharpstown: When it comes to value for money, Sharpstown is hard to beat. It's a great course for practice, offering a straightforward layout that allows you to focus on improving your game. Whether you're a beginner or a seasoned player, this course provides an excellent bang for your buck.

Jersey Meadow: This course has made significant improvements recently, with a fully renovated clubhouse and restored greens that are in fantastic condition. The attention to detail in maintaining the greens really shows, making it a pleasure to play here. Jersey Meadow strikes a nice balance between affordability and quality, making it a must-play for golfers in the area.

Blackhorse: While the staff here is outstanding and goes above and beyond to make your experience enjoyable, the course itself could use a bit of TLC. The grass is slightly too high in some areas, making it challenging to locate your ball, even when it's right in front of you. Despite this, Blackhorse still offers a solid round of golf with a good layout. A few touch-ups would easily elevate this course to the next level.

Hearthstone Country Club: This private course is a gem for those who have access. It features three separate 9-hole layouts, all beautifully designed and meticulously maintained. Each course offers its own challenges, keeping the experience fresh and exciting. The combination of variety and quality makes Hearthstone a standout option for those looking for a premium golf experience.

Currently, I'm sitting at a +18 handicap, but my passion for the game keeps me motivated to improve. Each round on these courses brings me closer to achieving my goal of becoming a scratch golfer. Stay tuned for my next update in the newsletter, where I'll share my progress and hopefully an improved handicap!

Rex Zhao

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Thank you for reading!



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