



Happy Friday

Is it too early to say that Spring time has arrived? I am sure it is, but the 40 degrees that we are to experience next week will be welcomed by most.

Inflation seems to be under control based on the Commerce Department's personal consumption expenditures price index report which was released this morning. This has many breathing a sigh of relief because many analysts believe the Fed may start to reduce rates starting in March, 2024. This report followed Thursday's report which indicated that the consumer is still spending, which is providing for a strong economy. This same report also indicated that consumers are dipping into savings as personal savings decreased during the same period. This can be cause for concern if the trend continues.

So, all of these reports are affirming what many people, including myself thought about the economy; that there was not going to be a recession and that a smooth landing should be achieved if the Fed did not get too aggressive. So, unless Powell and his board do something totally unexpected next week when they meet on January 30<sup>th</sup> & 31<sup>st</sup>, we should continue to experience a normal market. One whose movements are based on balance sheets, sales, and profits. So as long as the consumer continues to feel good about the economy by buying goods and services, we should not have to worry about any huge run ups or sell offs in the major markets.

I believe the Fed may wait until their May 20<sup>th</sup> meeting before lowering rates. I really don't see them lowering the rates next week, and I believe that March may be too soon for them. I think that the one sector that could cause rates to be lowered sooner rather than later is a severe slow down in home sales.

Many insurance companies announced this week that they are lowering rates for their fixed products. These types of moves are usually leading indicator of what we can expect for future interest rates. What I find interesting is how quickly some of the announcements have been released. From my experience this indicates that the interest rate environment is volatile and the companies are trying to get it right just like we are trying to do with your portfolio.

There are no major changes that have to take place at this time, unless one is receiving income from their annuities. For many we have been able to help them increase their lifetime income. If you are in this group and I have not called you please feel free to call or email me. Chances are I have already done the comparison and have not called to schedule a meeting with you yet.

I mentioned in my last letter that our family was celebrating Christmas the weekend of the letter. We had a wonderful time. Julie and I are so very blessed. Holly, Brecken, and Griffin are staying with us until the beginning of April, while Theron is in Alaska packing up their belongings and preparing for their next duty station which will have Theron serving in the Pentagon! We love having Holly and the boys stay with us, but I forgot how rambunctious 4- & 6-year-old boys are. Holy Cow!!!

Enjoy our warming trend, but still be mindful of slippery walks in the morning.

Take care,

Brett