TRINITY

INSURANCE & FINANCIAL SERVICES

Happy Thursday….

Yes, this is a day early because we will be closed on Friday, April 7th to celebrate Good Friday. The markets will also be closed on Friday. After a wild weather week, I think that we can be happy with and be looking forward to this weekend's forecast.

Unlike our weather, the 3 major indexes have been very calm over the past two weeks. Since March 24th, the Dow is up about 3.9% and is up 1.11% YTD. The S&P is up about 3.2% since the 24th and for the year is up 6.85%, and the NASDAQ is up about 3.06% since the 24th and 15.27% for the year.

So, what is the driving force behind this two-week mini rally? I believe there is finally proof in the most recent economic reports that Powell has been waiting for, and the markets are speculating that he may even pause the raising of rates during the April 27th/28th meeting.

I am hopeful for the same, especially since I have been anticipating that the rate hikes would most likely pause in late spring or early summer and that there may even be a rate decrease in late summer.

The JOLT (Job Openings and Labor Turnover Survey) saw the available job openings dip below 10 million since May of 2021, but the number of jobs available is still at 9.93 million. So even though the headlines are highlighting the layoffs, there are still 1.7 job openings for every person looking. I am in no way minimizing the impact that a layoff has on a person or their family but only highlighting that nationally the job market is still strong.

I have written a few times over the past 6 months how I believe that we will see a "salary" reset. What I mean is that I believe many companies will announce some layoffs while the economy is slowing and may leave some of the current openings unfilled until the economy starts to show strong signs of recovery. This will most likely happen when inflation has returned to normal. Then the companies will begin to hire people, but at a lower wage. This should also help to lower prices. Remember that one of the main contributing factors to the inflation we experienced was too much money (from COVID relief) chasing too few goods (caused by the supply chain issues). Well, as wages decrease and inventories begin to rise, we will experience less money and more goods. The companies will have to lower prices to move inventory. This natural progression towards normalcy could still take 6-9 months, but I believe we are on the right track.

So, as long as the next two weeks are as calm as the past two weeks have been, then I believe that the boring old statement of 'stay the course' is still relevant. If, however, there is any indication that Powell is going to raise rates in April, I believe we may have to strongly consider looking for safety in money market accounts or other cash/fixed instruments.

If I hear of or read anything that indicates a rate increase, I will send a letter that day.

Until then, may you and your family enjoy a Blessed and Relaxing Easter!!!

Take care,

Brett