TRINITY
INSURANCE & FINANCIAL SERVICES

Happy Friday

I hope that you had a wonderful Memorial Day weekend and were able to take time to honor all those who have gone before us and gave their all so that we can enjoy our freedoms and live in the greatest country this world has to offer.

Debt Ceiling Vote. This phrase has ruled the headlines for the past two weeks, and with the uncertainty which surrounded it until the past two days the markets were in a nervous "wait & see". The uncertainty also brought an approximate 1% decline in the Dow during the past two weeks as of Thursday's close while the S&P has experienced about a .7% increase over the same period.

Along with the positive news about the Debt Ceiling vote, the jobs report was also very positive today with a 339,000 increase in jobs versus the expected 190,000. Wages are flat year-over-year which is a good sign for inflationary concerns. The number of job openings also went over the 10,000,000 mark again. With such a strong job market, consumer spending remains strong as well, but unfortunately the spending is coming from people's savings and credit cards. This is always a concern and always has been, but history has proven that people will most generally live up to and spend to their income. One area consumers are choosing to cut back on, is their dining out. So, while the job market is still tight, and consumers are still spending, they are choosing to reduce their discretionary spending in certain areas. I believe that this is an indication that inflation is having an impact on the average consumer, as well as higher gas prices and interest rates. Remember that as interest rates increase so do most credit card interest rates, and as I mentioned earlier, most people are using those cards to continue their spending.

I am still hesitant to buy into the idea that our economy is going to go into a recession, especially with the strong job numbers. Even though the "experts" who were predicting a recession in 2022 are now predicting that we will experience a recession in 2024. I believe that the Feds will hold rates when they meet in June, and they will monitor the consumer spending which I believe will start to decrease as summer moves along. If the consumer spending starts to slow, then the Feds may even continue the pausing of any rate hikes during their July meeting. If good old capitalism works as it should, we could experience a drop in the inflation numbers come early fall. I believe that a rate decrease could happen later this year if consumer spending and the housing market slow down too quickly.

The Fed meets in two weeks, so I am hopeful that a clearer picture of our future will be determined then.

I believe that we should experience some calmness over the next two weeks as our economy and the markets start to hopefully rebuild to our 2021 all-time highs.

May you enjoy this beautiful weather, and please remember to call or email anytime you have questions or concerns.

Take care,

Brett