TRINITY

INSURANCE & FINANCIAL SERVICES

Happy Friday and “Holy Heat Wave Batman”

I am sure our friends from younger generations have no idea where this greeting comes from, but for those of you who are in my generation you may of just had a friendly flashback.

As the temperatures are climbing so are the hopes that the US economy will avoid the recession that the “experts” have been telling us for the past 18 months was unavoidable. Just about every report that has been released over the past two weeks indicates that the inflation rate is slowing down considerably, while consumer spending and the job market remain relatively strong.

Since July 14th, the DOW is up about 3%, the S&P is up about 1.5% and the NASDAQ is up about 1.5%. The DOW is within about 2 1/2% of it’s December 2021 all-time high.

Even with all of this good news, Fed Chair Powell and committee chose to implement a .25% rate increase. While this was expected, it was his tone after their meeting that brought some relief to the markets. Powell is indicating that the increases may take a pause for the September 19th/20th meeting. They may not increase the rates in September, but I fully expect him to raise them one more time before the end of 2023. I believe that the Fed will count on the Christmas buying season to offset any downturn in spending. If this scenario plays out then I would expect the first quarter of 2024 to be volatile as I believe that the reports will indicate that consumer spending will slow more than expected after Christmas due to the higher rates. The housing and auto markets may feel the impact of the raising rates first. If inventory for “homes for sale” starts to increase as well as cars on the lot, then this could be a precursor to a rate decrease by the Feds in order to jump start those two sectors. I believe that this may happen in the first quarter of 2024 as well.

As we review some have been able to take advantage of some short-term rates (3years) which just reached 5% this past week. I believe that these rates will stay at this level and may even increase a bit more before the end of the year, so I do not believe we are in a time crunch. Timing will become more important as the year progresses and if there is one more rate increase, then I believe will be in a shorter window of time to take advantage of the higher rates.

I hope you find this information helpful. Please feel free to share this with others and please remember that we post all our past newsletters on our website; wwwtrinityifs.com.

Over the past 2-3 weeks I have been asked by multiple people how many more years until I “retire”. I did not think I was aging that fast, but my mirror could be lying to me! Of course, the Lord only knows my exact future, but as for me I plan on being around for the next 18-20 years. I absolutely love helping people and doing what I do, plus I have a wonderful work family which continues to grow. I hope this brings some level of comfort to those of you who do not like change as much as I do not like change.

Take care and have a wonderful weekend,

Brett