TRINITY
INSURANCE & FINANCIAL SERVICES

Another Happy Friday to All

I hope that the past two weeks have been good for you. I know there has been a lot of last-minute trips taken as families try to wrap up their summer before school starts next week.

A public service announcement for Trinity Cares: Our 9th annual Bags for the Brave event will take place on Saturday, August 12th. The bags tournament starts at 11 and 3-D sound will do the same. The teams have to be corporate sponsored this year, but even if you are not playing there will be plenty of fun to be had. There will also be a 50/50 drawing, a desert basket drawing, and plenty of SUN & FUN.

There has been a lot of information released during the past two weeks which has caused a slight retraction in the 3 major indexes. Fitch downgraded the US credit rating, last Friday's jobs report indicated that the number of people being hired is slowing, there were mixed earnings reports, and then the wholesale price report which was released today showed a .3% increase for July. The markets were expecting a .2% increase.

The Fitch downgrade is disturbing, the jobs report was positive, the mixed earnings was expected, but the wholesale increase has caused some to be concerned that another rate increase may happen before the end of the year.

All of this news has caused treasury yields to increase slightly and the markets to retract. If these were the only issues, I would not be concerned as they can moderate themselves. What concerns me is that the total credit card balance in the US topped the 1 Trillion dollar mark recently. This is a staggering amount and with the interest rates increasing on the outstanding balances I fear that people will soon start to struggle to make the minimum payments. In addition to the possible credit card situation, student loan repayment will restart in October. These two factors I believe will shrink the amount of discretionary income available for consumers thus impacting future company earnings.

Many analysts expect the Fed to pause on a rate hike during their September meeting, but I can see them doing one more hike during their November 1st meeting if overall inflation is not where they want it to be. But I still believe that the Fed will be forced to begin lowering rates in late Q1 or mid Q2 of 2024.

As far as what to with your portfolio. I believe that the markets will face some headwinds as they try to navigate the future Fed decisions and consumer spending. During this time, fixed rates should continue to increase. There may be some opportunity to take advantage of the higher rates later this year; especially for those who are utilizing their assets for income. If my scenario for a 2024 rate decrease comes to life, then the fixed rates should start to decrease as well as credit card rates, thus allowing consumer spending to return to normal which should allow the markets to increase.

I hope this all is making sense, but if it is not, please call or email me, or we can schedule a review even if by phone.

Take care and have a great weekend.

Brett