

September 2024

In June I complained about all of the rain. This week I gave away 6 cucumbers to friends. Last week I did the same. Tomatoes are taking over the kitchen counter as well. Basil was out of control. Funny how that works! Summer is waning, but if you need veggies, let me know.

There's an old saying in the investment world: 'Sell in May and go away'. The saying is a generalization, of course. This summer has been anything but boring. We had a strong market in June, followed by a steep decline in late July (thanks to earnings-estimate reductions and the prognosis for declining future sales numbers). The last week has seen markets rebound.

I expect the market volatility (meaning ups and downs) to increase now that Labor Day has passed, when all the traders come back from their summer vacations and school busses rule the roads. The markets are preparing for the election. Although the outcome of the Presidential election is very important, politically speaking, as investors **we need to focus our attention on Congress and the issue of SPENDING and the 2025 US Budget**. In the current fiscal year, the US government budget was roughly 6 trillion dollars. We are spending 6 trillion dollars as a nation. But, the Government didn't 'earn' that much. We only brought in 4 trillion in income-tax revenue. So, we, as a Nation, have to 'borrow' 2 trillion dollars in order to fund the current budget. That will add 2 trillion of additional debt/deficit to our, now, roughly 33 trillion-dollar balance of funds owed to others. We've been borrowing in order to spend, for many years. Eventually, it's unsustainable. The key word here is 'eventually'....

We can't borrow 'spending money' for free. Remember, our Nation has to pay interest on those 33T of borrowed monies. These interest payments are a growing part of our annual budget, which is squeezing other important parts of the budget, such as Social Security, Medicare and military funding. We're between a rock and a hard place as a Nation. We're used to having, and need, the spending....but we can't continue to afford to spend this way. 'Something's gotta give.', so to say.

With regard to the upcoming fiscal year, 2025, we now await Congress' budget decision. Discussions have begun and will accelerate in earnest soon and last through the end of September. Of course, that assumes that Congress agrees to the budget on time! In recent years we've seen cases where Congress didn't agree on a budget by the deadline date, and where governmental operations and spending went haywire for several months.

Simply put, if Congress decreases the current budget amount in order to get control of our deficit spending, then that may cause further pressure on the economy, and will influence the likelihood of recession.

To make things even more interesting, the Fed just announced that the winds of change are upon us. The market is interpreting this to mean that the Fed may cut the 'overnight' Fed funds rate. No guarantees, of course. Keep in mind, this is specifically with regard to the overnight rate. Cutting this rate won't affect the rest of the Yield Curve, necessarily. The Fed doesn't control the interest rates for 1, 3, 5, 10, 20 year bonds, for example. The market determines these rates through the buying and selling of bonds. The next meeting is in mid-September.

Our team has a close watch on all of this, and we're adjusting WHEN and HOW it's needed. Tune into the monthly teleconferences to hear more or give us a call to discuss your portfolios. If you have non-fee-based portfolios, then please reach out to our team to schedule a time to discuss them.

Importantly, given the market's recent disruptions, scammers are dialing up their activity. Whether the type of threat is presented on the phone, in an email, or through a text message, remember to ask yourself, "*Is this a normal form of contact for this organization?*" If it's questionable, hang up the phone, close down the computer and **DO NOT** click on any links. Take time verify the interaction and the circumstances. If it's legitimate you can initiate the interaction again on your own terms. We highly recommend spending a few minutes looking over these topics and resources with your loved ones.

- [Protecting Your Data: Aware & Prepared Brochure*](#)

It's been a busy summer. Here's a quick recap:

Our annual Newport Gulls baseball game was held on Friday July 19th, where we celebrated our American Heroes. It was a rousing success. The Gulls went on to win the Championship!

And, our annual July event at Ragged Island Brewery was terrific. The weather and food was nearly as good as the band!

As always, please feel free to share this letter with your friends and family. We're also posting these letters on our website (The website link is available in the signature section of our email). If your friends and loved ones find that they need financial expertise, guidance, or a second opinion, our "20-Minute Ask Anything Sessions" are available to them. We're happy to share our professional expertise at no cost.

We want to sincerely thank you for your business as we continue into the last third of 2024. We are committed to helping preserve, manage, and grow your net worth by addressing a comprehensive range of complex financial issues including those related to income-during-retirement, cash flow, investment goals, and insurance-related risks, all while remaining sensitive to your Business, Estate and Income Tax needs.

Sincerely,

Chris, Greg & Darcy

***UPCOMING MONTHLY TELECONFERENCE DATES at 12pm & 7:45pm:**

Wednesday September 11th

Wednesday October 9th

Wednesday November 13th

Wednesday December 11th

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PM-11302025-6660280.1.1

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