

Mid-September 2024

If you live in New England or thereabouts, you've likely celebrated one of the best two-week periods of weather (that I've ever seen). Today, clouds have taken over as Fall weather systems make their way up the Eastern seaboard. Perhaps the FED brought the clouds with its gloomy forecast after Wednesday's meeting? How was that for a segue?

Surprise, surprise. The FED decided to cut the overnight rate by 50 bps (basis points). 50 bps is equal to "½ of 1%", which is .5%. We will discuss the finer points of exactly HOW this will feed into the US and World economies, but for now, our team is hard at work adjusting portfolios.

Investors often ask themselves about the functions of a professional financial advisory team. We don't simply facilitate the buying and selling of securities. Currently, our role is to adjust client portfolios given changing current market conditions AND expectations of future market conditions. The FED's rate cut signals a few things. First, as they stated, unemployment is worsening and is expected to worsen further (meaning that there will be more unemployment as companies slow down hiring or lay off workers) and that the rate of inflation is coming down. This spells 'concern'. I might have said 'trouble' instead...but I think the latter term is a bit of an overstatement.

It's here that our background as a Private Wealth Management Team comes to the forefront. Our team's website contains our biographies. We think you'll be pleased to see the numerous talents we bring to addressing these planning dilemmas. While there, our past updates and letters (such as this one) can be found. [Christopher Yalanis - Yalanis Private Wealth Management Group of Wells Fargo Advisors, Newport, RI | Wells Fargo Advisors](#)

September is a busy month in many ways. Concurrently, Congress is approaching its deadline regarding the upcoming Fiscal Year U.S. Budget. THIS is where we ought to focus some attention! The fact of the matter is that the likelihood of an economic recession is directly tied to spending; consumer, business and government. So, if we, as a country, borrow less monies than we have (thereby increasing our Deficit of roughly 33 Trillion dollars), then we'll have less to spend, which could hasten economic challenges.

The FED's rate cut also means that investor's CASH FLOW is going to decrease, as interest rates decrease. We should expect that our bond funds, CDs, and other fixed income products are going to change dramatically. Further, the FED projects another 50 bps of rate cuts before year end.

These reductions in income directly tie into clients' portfolio construction and their need for cash/spending monies.

On a related note, over the past several months I have highlighted the differences between fee-based accounts and 'brokerage' accounts (non fee-based). There is an important distinction here, which becomes more important during times of market stress. Our team has the discretion to make ongoing changes to client fee-based accounts. However, we do not have the ability to make such changes to brokerage accounts. It's important that each of our clients understand the types of accounts owned, and the ways it affects their planning, their Envision results, and their investment decisions. Call us for more information.

Back to the subject of next year's budget, our research suggests that Congress doesn't have time to agree upon a full-year budget before 10/1. Thus, in order to NOT shut down the government, Congress may need to put a short term extension in place. As I write this letter, these discussions are taking place in earnest. Keep your attention focused on this issue.

As I mentioned last month, the markets are also preparing for the election. Although the outcome of the Presidential election is very important, politically speaking, 'Something's gotta give', so to say, when it comes to the Budget.

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.

Our team has a close watch on all of this. Tune into the monthly teleconferences to hear more, or give us a call to discuss your portfolios.

As always, please 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.

We want to sincerely thank you for your business as we continue into 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 planning needs.

Mark your calendars! The following monthly calls will be held for the rest of 2024:

Wednesday Oct 9th

Wednesday Nov 13th

Wednesday Dec 11th

Sincerely,

Chris, Greg & Darcy

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