Matt's Minutes: Crisis Averted? June 2023 "Closed Captions"

Watch the video online at: www.richmondbrothers.com

Hi everyone. This is Matt Curfman from Richmond Brothers here with an early June edition of Matt's Minutes. Thank you so much for tuning in. I have a special guest on my video today. His name is Parker and he is my 12-year-old Golden doodle and he is most excited that the Congress and the U.S. Government, including President Biden have finally signed a debt deal to avoid this crisis that is effectively self-inflicted on the U.S. because we have such a challenge staying within our budget. And basically I mean over spending.

It should be a continued dialogue amongst all Americans continuing to look at Federal budgets and spending, because it will impact each and every one of us and kids and grandkids likely for years to come. That said, for the moment that crisis has been avoided and so it just removes another risk from that factor, that wall of worry that you hear out there.

So, I had a couple of notes and wanted to touch on a few things. Basically, if you look over the last couple of years as investors we have been faced with rising rates from the Fed, persistent inflation, deteriorating corporate profit margins, which are what makes up the market, recession threats and then now the debt ceiling. We can at least remove that debt ceiling from that list at least in the short term. And basically the debt ceiling 'bomb,' so to speak, has been diffused as the adults in congress have decided that it doesn't actually make a lot of sense to say that they're so desperate to protect the U.S. Government's credit rating that they'll trigger a default just to prove a point. So, luckily that is behind us.

If you look broadly at markets in general, the Dow Jones, the S&P and the NASDAQ, they have received this news relatively well. But, I want you to bear in mind that if you look at those bench marks from their highs from the last year or two, these bench marks are still anywhere between 7 and 13% below their bull market levels. This is as of Friday, June 2 according to Bull Market Research. So another piece I thought I'd mention is the Conference Board, which is basically a 501(c)(3) non-profit. It's a research group organization and they basically had set the odds of recession at 50/50 and so when they set that odd, a lot of people braced for the 50% negative doom and gloom glass is not half full. So far we have definitely avoided recession, but if you look at average economic expansions in U.S. history, typically they last about 27 months according to the Conference Board and the previous "recession" ended 37 months ago.

We are a little bit on borrowed time from a statistical perspective. That doesn't mean there's going to be a massive rut, a massive recession to follow, but it is still something we want to stay in tune with and still stay apprised of because we're not sure quite yet if the Federal Reserve is done raising rates. We're still seeing higher inflation levels than we've seen in many decades, and there's still some uncertainty in the economic landscape. Just because we raised the debt ceiling, that doesn't mean everything is solved for.

Our goal basically at Richmond Brothers as we look to guide all of you, our clients and your families and friends is really not to go out and beat the broad markets at all times. It's really to provide a blend of ideas for people who are planning for or are already in retirement across the whole risk spectrum. When I say that I mean risk from 1 to 99. So, in the long run, our goals have been leaning towards protection, having safe assets to draw income from if you need that supplement in retirement in addition to maybe social security or the few of you who are lucky enough to have pensions. And then last, but not least, having opportunities for long-term growth.

What happens is safe or moderate assets, they can weigh us down when you see market growth, but they're also a vital source of comfort and support when things are really uncertain and choppy or the economy starts to cool off. Hint: the word 'recession.' I think the answer is we still want to maintain balance. So, I've had a lot of great questions, dialogue and engagement over the last couple of months on the market, the stock and bond side, maybe more Fidelity type of accounts and really good questions have come in from all of you on the Smoother Ride options. And remember, those are liquid options within Fidelity that we can use and overlay some algorithms and maybe some downside protectors to prevent extreme loss or extreme downside. It doesn't mean that it is a risk 1 asset, but it certainly gives us the opportunity to have more downside protection given the three bear markets the economy has experienced in the last five years.

We actually have an event coming up Thursday night, June 22. It's a live event in Jackson at the Jackson College, and we are bringing the CEO and founder of Beacon, which is our Smoother Ride strategy we've introduced to Fidelity to Jackson to talk live to all of you. And whether you're a client or a prospect, there is a sign-up. You're all welcome to attend. It's just educational and informational. It would be a good opportunity to meet the founder and see the background on this over a lot of years and also just talk and be together and ask questions. So I encourage you to sign up and attend. Remember, that generally speaking, to qualify for these strategies with Fidelity liquid money, a client would typically need $25,000 of liquid assets to qualify for the program. So that is one caveat with those strategies, but that can be across multiple accounts within one household.

I wanted to let you know about that and we're also going to be sponsoring part of the Ella Sharp Art Beer and Wine Festival. We are also equally excited that our friends at Zero Bar & Lounge, which is a non-alcoholic alternative will also be at the Ella Sharp Art Beer and Wine Festival this year. It is Saturday, June 10 and it's from 2 – 8 pm over at Ella Sharp.

Our goal is to educate, inform and guide you through all environments that the world and economy throw at us, and help you maintain balance and be comfortable in retirement while helping you manage towards your risk profile and risk tolerance. If you have any questions on this or you're interested in sharing this information or inviting a friend, co-worker or colleague to our Smoother Ride live event on June 22, please go ahead and forward this email and we can include a registration link for that as well.

Thank you so much for tuning in. This is Matt, and no longer Parker, he got bored with our debt ceiling talk, but I appreciate all your time, I appreciate you listening in. Have a great start to your summer.

Sources:

Research Reports

Richmond Brothers, Inc. is a SEC-Registered Investment Adviser.
3568 Wildwood Avenue, Jackson, MI 49202
www.richmondbrothers.com