

January 31, 2025

Good morning,

It has been a busy week for economic information and market moving financial news. It started last Friday with reports of a Chinese company that has developed AI technology at a fraction of the cost of US companies sending tech stock prices down sharply. The final read on Q4 2024 GDP showed the economy is still growing at a sustainable pace, and inflation data confirms prices continue to moderate. The Fed met this week and kept interest rates steady. Their message indicates they have a neutral stance, and they are likely waiting for clarity on fiscal policy. With tomorrow's deadline for 25% tariffs on Mexico and Canada, we are all waiting to see the potential impacts on inflation.

Fulfilling the campaign promise to “drill baby drill,” President Trump has declared an energy crisis and is doubling down on fossil fuel production by easing restrictions and opening Federal lands to drilling. Interestingly enough, the US is the largest oil producer in the world, and we produce 20% more oil than when Trump last left office. While additional supply will likely lower prices, oil companies typically reduce production when prices fall because it's less profitable to produce. As the President likes to say, we'll see what happens.

The administration is also moving swiftly to deport undocumented immigrants to their countries of origin and is using military aircraft to make it happen. What does it cost to send an undocumented migrant home on a US military deportation flight? At least \$4,675, according to an analysis of a recent flight to Guatemala. That's about six times the price of a one-way first-class commercial airline ticket for the same journey, according to calculations by Reuters. Perhaps Elon Musk's Department of Government Efficiency can investigate this.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Have a wonderful weekend!

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