

News and Notes:

October Newsletter

Top Headlines:

- The Fed Moves
- Inflation
- Conference Board
- AI Cuts
- Jobs
- Dollar Stretch
- Less pain



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The Fed Moves: The Federal reserve moved in September on a widely anticipated quarter percentage point interest rate cut that will take its benchmark down to a target range of 4%-4.25%, its lowest in nearly three years. The Fed also projected two more cuts for the rest of the year but there is division as nine officials now see three cuts, while six officials see one cut while newly appointed Stephen Miran saw six cuts; no one saw no cuts. Powell added that "We are strongly committed to maintaining our independence" while in the face of political pressure to further lower rates and fire Fed Governor Lisa Cook (source: CNBC).

More on Rate Cuts: Love it or hate it, the markets are celebrating rate cuts. The S&P 500 recently crossed above 6,600 for the first time, the Nasdaq pushed passed 22,000 with fresh record highs, and the Dow broke through 46,000, marking an unprecedented 13th straight year of all-time highs. With virtually every major asset class in the green, this is clearly the kind of broad-based rally investors love (source: Creative Planning).

Inflation: August's personal consumption expenditures price index (PCE), the Federal Reserve's preferred inflation measure (reported on September 26th), showed that core inflation- a measure excluding food and energy costs- ran at 2.9% seasonally adjusted annual rate. That was in line with what economists polled by Dow Jones

were expecting. The all-items index showed an annual rate of 2.7% as well as a monthly gain of 0.3% in line with expectations. Markets continue to price in two quarter-point rate cuts at the Fed's upcoming meetings (source: CNBC).

Conference Board: The Conference Board's leading Economic Index (LEI) no longer points toward recession, and in fact, recent improvements suggest momentum could be building for a recovery ahead. Just as it did back in early 2023 when many were calling for a downturn, the LEI is signaling resilience, reminding us that the economy often proves stronger than the financial media might let on (source: The Conference Board).

Salesforce AI Cuts: Salesforce has cut 4,000 customer support jobs and replaced them with artificial intelligence (AI) agents CEO Marc Benioff said recently. Benioff made the comments while discussing how the new technology is impacting the \$248 billion computer software company's headcount. A year ago, if you called Salesforce, there would be 9,000 people interacting globally. These interactions are happening today, but 50% are with agents and 50% are with humans (source: Logan Bartlet Show/ Reuters).

Union: As of this past year, there were approximately 14.3 million wage and salary workers who were union members, which represents 9.9% of the workforce (source: Bureau of Labor and Statistics).

Nvidia and OpenAI: Nvidia announced in September it will invest up to \$100 billion in OpenAI as part of a new partnership. Nvidia said in its announcement that the partnership will OpenAI to deploy "at least 10 gigawatts" of compute capacity from the chipmakers AI systems to train and run the ChatGPT maker's next generation of artificial intelligence models. The first phase of that compute capacity is set to come online in the second half of 2026 (source: Yahoo Finance).

Minimum Wage: Washington State has the highest State-level minimum wage at \$16.66 per hour, but Washington D.C. leads the nation overall with a rate of \$17.50 per hour (source: Investopedia).

Jobs: The job market may not have been as strong as it looked. New Bureau of Labor Statistics (BLS) data shows the U.S. added 911,000 fewer jobs for the year ending March 2025, the steepest revision since 2000. These revisions aren't unusual. Early figures rely on partial employer surveys, while later updates use more reliable state data. Still the downgrade has economists rethinking just how sturdy the labor market really is, even as unemployment holds at 4.3% (source: CNN).

Retirement Income: A survey from October 2024 found that 49% of retirees don't follow any structured withdrawal plan, often just taking what they need as they go. On top of that, 46% report getting minimal to no guidance on decumulation from their employer or 401(k) provider. It is

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“I didn’t get there by wishing for it or hoping for it, buy by working for it”

Estee Lauder

“The greatest Wealth is Health”

-Virgil

“If you think education is expensive, try ignorance”

-Derek Bok



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important to have a long term financial plan, income plan at retirement and a risk management strategy (source: Plan Advisor/ Midway Wealth).

Millionaires: Back in the day, becoming a “millionaire” was the thing. The millionaire club isn’t exclusive anymore. Globally, more than 80 million individuals crossed the \$1m threshold by early 2025, which is a four-fold jump since 2000. In fact, the U.S. added approximately 379,000 new millionaires last year, alone (source: ElectroIQ).

Billionaires: The billionaire population in the U.S. increased from 927 in 2020 to 1,135 in 2024, collectively worth around \$5.7 trillion, and just three men- Elon Musk, Jeff Bezos, and Mark Zuckerberg- account for nearly \$1 trillion, which represents almost one-sixth of all U.S. billionaire wealth. While tech billionaires dominate headlines, most fortunes still come from outside Silicon Valley. Finance and investments (393 billionaires), followed by food and beverages, fashion and real

estate round out the next biggest bunch. There are now 24 “Super-billionaires” – individuals worth \$50 billion or more- who collectively control 16% of all billionaire wealth (source: Forbes, The Wall Street Journal).

Dollar Stretch: Dollar stores are drawing in more affluent customers- specifically households earning more than \$100,000- who are “trading down” as Americans across the income spectrum seek savings in a tight economy (source: Reuters).

Penny: According to the Federal Reserve, there are 114 billion pennies in circulation, or \$1.14 billion, or 0.006% of the money in circulation. It costs \$192 million a year to produce pennies, about 4% of the Mint’s operating budget but only 0.00003% of the U.S. Federal Budget (source:CNBC)

Encourage Reading: U.S. high school seniors just posted the worst reading scores since 1992 and the lowest math scores since 2005 on the

“Nation’s Report Card”. Nearly a third of 12th graders fell below the basic level in reading, and almost half did so in math, raising alarms about college and workforce readiness. The slide predates the pandemic, pointing to deeper issues in how we’re teaching core skills (source: AP News).

Less Pain: The FDA approved the first new type of pain medication in 25 years. The FDA approved Journavx (suzetrigine) marking the first new class of non-opioid pain medication. About 80 million Americans fill prescriptions each year for medications to treat new instances of moderate to severe pain; about half those prescriptions are written for opioid medications, which can lead to dependence and addiction. The development of Suzetrigine was inspired by a family in Pakistan who were genetically insensitive to pain, providing a unique insight into pain signaling pathways. The drug is made by Vertex Pharmaceuticals (source: CNN).

Midway Wealth Partners will be presenting our three evening retirement planning class at

Mundelein Park District

The Dolan Recreation Center 888 Dunbar Rd. Mundelein, IL 60060 Wednesdays October 8th, 15th and 22nd. To Register : 847-566-8557.

The educational seminar has been presented to thousands over the years-refer a friend or relative.

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