

February 21, 2025

Good Morning,

Markets remain relatively stable as investors try to digest the potential impacts of the administration's policy announcements which are coming fast and furious. Some analysts feel that investors are not considering the ramifications of tariffs and immigration policy on inflation and corporate earnings, and that the President is "bluffing" to improve his hand at the negotiating table. These analysts say the odds of a market correction are rising.

The Trump administration is going all out to cut government spending. While the methods of the Department of Government Efficiency (DOGE) led by Elon Musk seem brutal and secretive, the concept of eliminating waste and fraud in the Federal government is applaudable. The government spends twice as much money as it takes in, and our deficits pose a danger to the future of the US dollar, interest rates, the national economy, and national security. However, it would be much more palatable if there was transparency in the methodology and ultimate goals of DOGE. And it would be helpful if Musk would stop running around on stage with sunglasses and a chainsaw.

On February 9th, President Trump instructed Treasury to stop minting pennies due to their high cost of production. The cost to produce a penny in 2024 was 3.69 cents. The nickel also costs more to produce (13.78 cents) than it's worth. Both coins have been more expensive to produce than they're worth for 19 straight years. (Source: US Mint) That kind of government waste shows it clearly doesn't make sense to make cents. I wonder what it costs to print a dollar. Where and when will the buck stop?

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

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.

Stay warm and have a great week!

Wade

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