

November 21, 2024

Good Afternoon,

Stocks have rebounded since last week's decline and the S&P 500 hovers near its post-election high. Bond yields remain elevated but steady as investors wait for additional economic news. Oil prices are back down to where they started 2024, which is good news for inflation. While inflation is below 3% annualized, the rate of decline has stalled. This means that the likelihood of the Fed cutting rates at the December meeting have been reduced. But a lot can, and will, happen in the next four weeks of the Fed's calendar.

As we learn more about the recent election, it appears that inflation had the biggest impact on many voters pulling the lever for Trump. (We've previously discussed the fact that the pandemic disrupted the global economy and triggered the rampant inflation we experience in 2022 and 2023. It was not caused by any President or Vice President.) Will voters get what they wanted, namely lower prices on goods and services? Based on Trump's stated policy goals, it may be very difficult to deliver.

Trump's promise of mass deportations could certainly increase labor costs as lower-paid immigrants are removed from the workforce. His stated intentions regarding tariffs on imports would raise prices as foreign manufacturers would pass on those increased costs to consumers. Reduced income taxes and regulations designed to stimulate growth would further increase consumer demand and, likely, prices. It's hard to see how Trump's election promises would reduce inflation, much less prices. As Mr. Trump likes to say, we'll see what happens.

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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.

Enjoy your weekend and Happy Thanksgiving!

*Wade*

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