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RESOLUTE WEALTH PARTNERS
A NORTHWESTERN MUTUAL PRIVATE CLIENT GROUP

★
MAY 2024



What's Going On?

We are thrilled to share with you the latest news and developments in our mission to make a positive impact in our community and our client's lives.

We recently gathered with the greater Northwestern Mutual Denver network at the Broadmoor, emceed by our own Eric McGough. It was great to see teams and advisors from across the metro area and celebrate accomplishments.

Notably Eric McGough was recently bestowed for the 3rd year in a row a place on the Forbes Best-in-State Wealth Advisors list! We're thrilled and proud that we have such a high caliber of expertise on our team that's being recognized.

We also have made strides in providing the best service, with the addition of Ethan Clayton, who will be assisting clients and our team alike as an Investment Operations Associate. Please join us in welcoming Ethan to the team.

If you have any suggestions for content you'd like to see, questions, comments, or simply want to say hello, please feel free to reach out to us at resolutewealth@nm.com

Cheers!

Your Resolute
Wealth Team

In this Issue...

Welcome!

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Wall Street Wrap

Costs for Producers Jump: Producer input final demand prices rose 0.5 percent in April, up from March's decline of 0.1 percent, according to the latest Producer Price Index (PPI) from the Bureau of Labor Statistics. On a year-over-year basis, headline PPI is up 2.2 percent, the highest year-over-year pace since April 2023. Core PPI, which strips out volatile food and energy and trade, was up 0.4 percent for the month, up from March's 0.2 percent increase. Core PPI was up 3.1 percent on a year-over-year basis, also the largest year-over-year increase since April 2023.

Retail Sales Stall: The latest retail sales numbers from the U.S. Census Bureau show overall retail sales in April were flat in April, compared to a 0.6 percent rise in March. The latest report shows retail sales are up 3 percent on a year-over-year basis. Seven of 13 categories measured saw decreases, led by non-store retailers. The latest decline in spending comes on the heels of March's unexpectedly strong retail sales report. Consumer spending has been a driving force in the post-COVID recovery, and we will be watching to see if the recent weakness is an anomaly or if depleted savings and rising credit card balances are starting to weigh on consumers' spending habits.

Jobless Claims: Weekly initial jobless claims were 222,000, down 10,000 from last week, which was the highest level since August 2023. The four-week rolling average of new jobless claims came in at 217,750, up 2,500 from the previous week's average.

Despite the dip in weekly claims, there are still signs of cracks in the labor market. Continuing claims (those people remaining on unemployment benefits) stand at 1.785 million, up 17,000 from the previous week's revised total. The four-week moving average for continuing claims came in at 1.77 million, down slightly from last week.

Small Business Optimism: The latest data from the National Federation of Independent Businesses (NFIB) shows optimism among small businesses rose by 1.2 points to 89.7, marking the first increase this year. However, the latest measure marks the 28th consecutive month of readings below the 50-year average of 98.

While survey respondents were modestly more upbeat than they were in March, when the optimism survey registered its lowest reading in more than a decade, inflation remained a top concern.

Events



August 12, 2024

Tee Off For a Cure

Save the date! The annual **Tee-Off For a Cure** benefitting cystic fibrosis research is scheduled for August 12, 2024.

- Time: 9am-6pm
- Location: The Ridge at Castle Pines
- All are welcome! You can register your foursome [HERE](#).
- Interested in sponsorship? Get more information on our sponsorship opportunities [HERE](#).
- Unable to attend but still want to support the cause? You can donate to the Breathe Together Foundation [HERE](#).

Resolute Firm Updates

Maggie Brown: Award Winner!

Our own Director of Operations, Maggie Brown, won the "Making a Difference" award at our annual Broadmoor gathering. Noting Maggie's unwavering dedication to providing an excellent experience to clients, an inclusive, supportive work environment, and going above and beyond in everything she does, this award is well deserved. Please join us in congratulating Maggie!



Eric McGough: 3rd Year on Forbes Best-in-State

For the third year in a row, Eric McGough was named to the Forbes' Best-in-State Wealth Advisors list! We're so thrilled and proud of the hard work, dedication, and expertise being recognized. As always, thank you for your continued confidence and trust in RWP and Eric.



Forbes "Best-in-State Wealth Advisors" list (April 2024), Research and ranking provided by SHOOK Research, LLC. Based upon data as of 6/30/2023. Northwestern Mutual and its advisors do not pay for placement on 3rd party rating lists, but do pay marketing fees to these organizations to promote the rating(s). Rankings and recognitions are no guarantee of future investment success.

Ethan Clayton: Welcome!

We're thrilled to bring onboard Ethan Clayton as an Investment Operations Associate. Ethan brings a wealth of knowledge from working as a financial representative, and we're ecstatic to bring his expertise to RWP. Please join us in welcoming Ethan to the team!



Market Commentary | Brent Schutte, CFA*

If you watched only the Dow Jones Industrial Average over the past week, you might think the markets and economy are humming along nicely. The index rose to new highs, closing on Friday above 40,000 for the first time ever. Investors still exude bullish optimism, believing that the Fed will be able to bring inflation under control without causing a recession—the so-called soft landing.

We wish we shared that kind of optimism—however, the data we watch closely still gives us pause. News on the inflation front over the past week had a little something for any viewpoint. Those in camp bull focused on the Consumer Price Index (CPI) coming in below Wall Street expectations. But a further dive into CPI and a look at other inflation data suggest progress toward the Fed's 2 percent target remains painfully slow.

The pace of the disinflationary process may take on greater significance going forward, as other economic data out last week raised questions as to the resiliency of the consumer and the economy as a whole. The longer the Fed needs to wait to be sure the inflation genie is fully back in the bottle, the more likely the cracks in today's data will widen to a mild recession. At this point we're in a race to see which cracks first—inflation or the economy. And even if inflation cracks first, will the Fed be able to cut rates quickly enough to prevent the economy from cracking as well?

You can find an example of economic cracks in data released by the Federal Reserve Bank of New York. It shows consumers took on more debt during the first quarter of the year and that they were falling further behind on their loan payments. According to the report, household debt levels grew by 1.1 percent during the quarter to \$17.69 trillion. At the same time, 3.2 percent of all loans were in delinquency, with credit card debt (8.9 percent) and car loans (7.9 percent) showing the highest rates of delinquency. And when you dig deeper, credit card and auto loans that are seriously delinquent (more than 90 days) are now above levels they were at just prior to the 2007 and 2001 recessions.

The rise in debt balances and delinquencies comes at a time when consumers have exhausted the excess savings they accumulated during COVID. According to a recent analysis by the Federal Reserve Bank of San Francisco, consumers now have \$72 billion less in savings than they did at the beginning of the global pandemic. As recently as August 2021, consumers had amassed \$2.1 trillion in excess savings. This translates to roughly \$70 billion in savings being spent every month since the peak. It's worth noting that the pace of the savings drawdown is estimated to have increased to \$85 billion each month since last fall.

With savings depleted, debt balances rising, and borrowers falling behind on their payments, it may be just a matter of time before consumers pull back on spending. Should that occur before the Fed can cut interest rates, a slowing economy could transition into contraction. Fortunately, that would likely spell the end of any lingering inflation pressures, and the Fed should be able to cut rates to restimulate economic growth.

How Can We Help?

Are you up-to-date on your financials? Have questions on your plan? Has anything changed in your career, family, or financial situation? Know someone who could use our help?

Reach out to us today! We're happy to discuss what we can do to make your experience more beneficial.

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"Why the Pace of Disinflation Is so Important, May 20, 2024" For the full article and disclosures, click <https://www.northwesternmutual.com/life-and-money/another-challenge-for-the-fed-to-contend-with/>