ISSUE #2

Creative Planning Creative Living

RESOLUTE WEALTH PARTNERS
A NORTHWESTERN MUTUAL PRIVATE CLIENT GROUP

JULY 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.

Notably Eric McGough and Tyler Holden were recently bestowed for the 2nd year in a row a place on the Forbes Best-in-State Financial Security Professionals list! We're thrilled and proud that we have such a high caliber of expertise on our team that's being recognized.

We're gearing up for a busy summer of events and working on our services, including attending the Annual Meeting of Northwestern Mutual later this month in Milwaukee, WI. We're looking forward to seeing the new technology, services, and resources we'll have available to better serve you.

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. Please note: We have changed our phone number to better serve you. Our main line is now 303-999-3555. Give us a ring!

Cheers!

Your Resolute Wealth Team

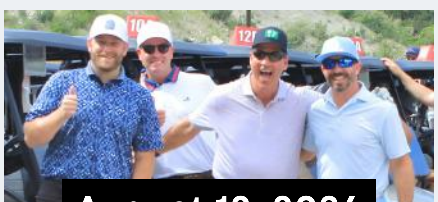
In this Issue...

Wall Street Wrap

Jobless Claims: Weekly initial jobless claims were 238,000, up 4,000 from last week's upwardly revised level. The four-week rolling average of new jobless claims came in at 238,500, up 2,250 from the previous week's average.

Continuing claims (those people remaining on unemployment benefits) stand at 1.858 million, up 26,000 from the previous week's revised total and now at the highest level since November 2021. Both of these are on an uptrend, and we are watching this measure closely as further evidence that the labor market is losing steam.

Events



August 12, 2024

Tee Off For a Cure

Have you registered?! 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.

Services Sector: ISM data for the services side of the economy showed that the sector slipped into contraction in June, with a headline reading for the sector coming in at 48.8, down five points from May's reading of 53.8. This is the second time in three months that this measure has been in contractionary territory and only the third time in the past 49 months with a reading below 50. New orders dropped to 47.3 from May's reading of 54.1. Along with contracting growth, demand for workers declined further, with the employment index coming in at 46.1, down from May's reading of 47.1. The latest employment index reading marks the fifth time in the past seven months that both ISM's manufacturing and services employment surveys have been in contractionary territory. Reflecting the uniqueness of the post-COVID economic period, it's unusual to see contraction like this without seeing actual job losses. Prior to the onset of COVID in early 2020, if you go back to the start of monthly ISM services data in 1997, both services and manufacturing showed contraction (below 50) in 44 months. In all but three of those months there were private-sector job losses.

On the inflation front, the prices paid index in the survey eased modestly but is still in expansion territory at 56.3, down from 58.1 in May. Of 18 industries covered by the survey, 13 reported paying higher prices.

The generally downbeat tone of the report was underscored in comments by Steve Miller, Chair of ISM's services business committee. "The decrease in the composite index in June is a result of notably lower business activity, a contraction in new orders for the second time since May 2020 and continued contraction in employment," Miller said in a statement. "Survey respondents report that in general, business is flat or lower, and although inflation is easing, some commodities have significantly higher costs."

Resolute Firm Updates

Eric McGough & Tyler Holden Recognized by Forbes (again!)

For the second year in a row, both Eric McGough and Tyler Holden were named to the Forbes' Best-in-State Financial Security Professionals list! We are so proud of both Eric and Tyler, and the whole team that worked to achieve this honor. As always, thank you for your continued confidence and trust in RWP, Eric, and Tyler.

If you'd like to see the list in full, or see more information on the methodology of the Forbes/SHOOK partnership, you can visit the link HERE.

Forbes "Best-in-State Wealth Advisors" list (July 2024), Research and ranking provided by SHOOK Research, LLC. Based upon data as of 12/31/2023.

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.

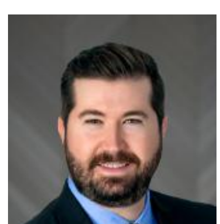
A Very Happy Birthday to Cohen Hughes!

Cohen Hughes, the son of our own Brenden Hughes, turned 1 in June! We can hardly believe one the newest member of RWP is already a year old. Happy Birthday, Cohen!

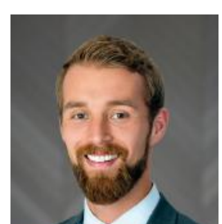
Birthdays and Anniversaries

Ethan Clayton
Happy Birthday!

James Melillo
1 Year with RWP!



Austin Jacobs
14 Years with RWP!



Alex Koch
9 Years with RWP!

Equities rose during a holiday-shortened week as investors balanced more signs of a slowing economy and some cooling of the labor market against optimism that the Federal Reserve may cut rates at its September meeting. While the headline number from the Bureau of Labor Statistics Nonfarm payroll report showed still-strong job growth, details within the data (along with other economic releases last week) add to the emerging picture of an economy that is beginning to slow.

To be sure, the 206,000 new jobs reported in last Friday's Nonfarm report modestly beat Wall Street expectations of 190,000; however, details of the report, including revisions to last month's initial estimates, suggest that the economy may be losing more of its luster. Of the new jobs created, 82,400 were in health care and social assistance, and 70,000 government positions were added—with 65,000 of these at the state and local level. These three areas aren't driven by economic growth. Temporary help services—a leading indicator of the broader labor market—fell by 48,900. This is a timely measure because employers typically let go of temporary workers before cutting permanent staff. Further, estimates of the number of new positions added in April and May were revised downward by 57,000 and 54,000, respectively. In another potential sign that the employment market is weakening, the pace of wage growth moderated in June. Hourly pay for production and nonsupervisory workers grew 0.3 percent in June, down from May's pace of 0.4. On a year-over-year basis, wages for nonsupervisory production workers are up 4 percent—still above the 3 to 3.5 percent level the Fed believes is consistent with its target of sustainable 2 percent inflation.

The other employment measure from the Bureau of Labor Statistics (BLS), the Household report, shows that the unemployment rate unexpectedly rose 0.1 percent in June and stands at 4.1 percent, the highest level since November 2021 and 0.7 percent from the low of 3.4 percent in January 2023. The latest unemployment reading shows the economy is inching toward triggering the so-called Sahm rule (regular readers of our commentaries may recall this rule, developed by former Federal Reserve Economist Claudia Sahm). According to the rule, since 1960, every time the three-month moving average unemployment rate rose by 0.5 percent or more from the previous three-month moving average low, a recession followed. The current rate is now 0.43 percent higher than the low, meaning less than a 0.1 percent increase would put the rise at the threshold.

The relatively muted employment data raised hopes among investors that the Fed would cut rates in September. Certainly, signs that the strain in the labor market is starting to ease (along with a slowdown in the pace of wage growth) are likely to be seen by members of the Federal Open Market Committee as tailwinds in its fight to bring inflation down to target. Additionally, should progress on the pace of inflation captured in last month's Personal Consumption Expenditures and Consumer Price Index readings persist, it's possible that the Fed may conclude a rate cut in September is warranted. Unfortunately, a 25-basis-point reduction at that time may not be the magic elixir some investors are seeking. Recall that prior to the beginning of the past four recessions, the Fed began cutting rates. Unfortunately, the cuts came after the economic slowdown had already gained momentum. That's because weakening demand and slowing economic growth are what typically drive a slowdown in price pressures and easing tightness of the labor market. Indeed, as we have detailed over the past several months, various forward-looking and real-time measures of the economy suggest that growth is fading. While there have been occasional data points that offer glimmers of hope that the economy continues to defy the weight of elevated rates, the overall trend has been downward. In fact, as we discuss later in this commentary, last week's data showed more of the same.

While the thought of a slowing economy and a potential recession can be concerning, it is important to remember that they are a natural part of every economic cycle and set the stage for the next growth phase. Fortunately, with the slow unwinding of inflation over the past two years, the Fed should have more room to cut rates, which we believe will shorten the length and severity of a potential recession and help contain the slowdown.

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.

Refer a Friend | Schedule Meeting | Submit Feedback

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"Would a September Rate Cut Be Enough for the Economy?, July 8, 2024" For the full article and disclosures, click https://www.northwesternmutual.com/life-and-money/another-challenge-for-the-fed-to-contend-with/