ISSUE #3

# Creative Planning Creative Living

RESOLUTE WEALTH PARTNERS
A NORTHWESTERN MUTUAL PRIVATE CLIENT GROUP

AUGUST 2024

QUARTERLY TEAM OFFSITE - CASTLE PINES COUNTRY CLUB

## 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.

This month, we were able to gather together at Castle Pines Country Club to work on our growth goals, both personally and for the firm. We're excited to share that we've come up with solutions that will better your service, experience, and growth as well!

Also this month, we had the great pleasure of sponsoring the 3rd Annual Tee Off For a Cure Golf Tournament, benefitting Cystic Fibrosis research. We love partnering each year with the Breathe Together Foundation, and seeing this event grow and improve each year.

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:** Initial jobless claims were 227,000, down 7,000 from last week's upwardly revised level. The four-week rolling average of new jobless claims came in at 236,500, a decrease of 4,500 from the previous week's average.

**Small Business Optimism:** The latest data from the National Federation of Independent Businesses shows that optimism among small businesses climbed to 93.7, up 2.2 points from June's reading and marking the highest reading this year. Despite the improvement, the latest measure marks the 31st consecutive month of readings below the 50-year average of 98.

**Inflation Slows:** The latest Consumer Price Index (CPI) reading from the Bureau of Labor Statistics (BLS) showed prices rose 0.2 percent in July after declining 0.1 percent in June. On a year-over-year basis, the headline figure was up 2.9 percent, marking the lowest annualized reading since March 2021. Core inflation, which excludes volatile food and energy costs, rose 0.2 percent in July and is now up 3.2 percent year over year, marking the smallest 12-month growth since April 2021. Prices for gasoline were flat, while food costs rose 0.2 percent.

**Consumers Back to Spending:** The latest retail sales numbers from the U.S. Census Bureau show overall retail and food service sales grew 1 percent in July, up from June's decline of 0.2 percent and stronger than Wall Street expectations. Details were also solid, with sales excluding autos and gas up 0.4 percent in July, off from May's rise of 0.8 percent. The latest report shows retail sales are up 2.7 percent on a year-over-year basis, up from June's pace of 2.0 percent. Sales figures are adjusted for seasonal variation and holidays but not for price changes. That means that year-over-year sales have risen slower than inflation. Ten of 13 categories measured saw month-over-month increases, but the overwhelming majority of the 1 percent growth was driven by two categories—motor vehicles and parts (0.67 percent) and food and beverage (0.11 percent).

**Homebuilders' Confidence Declines:** Persistent high interest rates and housing affordability issues weighed on builder optimism in August. The latest sentiment reading from the National Association of Home Builders came in at 20, down two points from July's final reading and the lowest level since December 2023. Weak customer traffic and current sales contributed to the lack of enthusiasm among builders.

## Events

**August 12, 2024**

### Tee Off For a Cure

**THANK YOU** to all of our friends, clients, and colleagues who came to show support at the 3rd annual Tee Off For a Cure golf tournament!

We're so happy to announce that the event raised over $20,000 to help further cystic fibrosis research, resources, and support systems.

If you were unable to attend but would still like to contribute, you can visit the Breathe Together Foundation's website, found HERE.

# Resolute Firm Updates

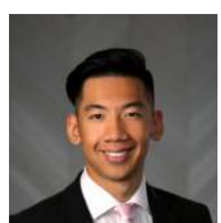
## Thank You to Our Incredible Clients!

On August 17th, we were lucky enough to spend some time with a small group of clients to sample some incredible wine and food at Indulge Bistro & Wine Bar in Southglenn. It was an incredible evening filled with conversation, camaraderie, and of course - wine! Thank you to everyone who was able to attend!


## Birthdays and Anniversaries

LaToya Bookman-Davis
Happy Birthday!
1 Year with RWP!

Caelan Fleming
Happy Birthday!



May Nguyen
1 Year with RWP!

Equities soared last week, completing a comeback from an early August swoon driven by signs of a slowing economy that reignited fears of a coming recession. The surge higher for the major indices was fueled by further signs that inflation is headed in the right direction and that the economy, at least based on headline data, remains relatively strong despite current elevated interest rates.

While some in the financial media labeled last week's data as a perfect mix of being neither too hot nor too cold, we believe that take ignores the fact that the longer monetary policy is restrictive (i.e., rates remain high and act as a drag on the economy), the deeper the higher rates will seep into the economy and the chances of a recession will increase. Put simply, economic data that is neither too hot nor too cold gives the Fed little incentive to make meaningful cuts to interest rates.

We believe the risk of reigniting price pressures by stoking growth in an economy that doesn't show obvious signs of faltering is too great for the Fed to aggressively cut rates. The risk is heightened further by the fact that while inflation readings are improving, longer-term trends still show lingering price pressures that could reawaken if the economy heats up. As such, barring much worse than expected employment numbers later this month, we continue to believe the more likely path the Fed will take is for a modest 25-basis-point cut in September and a gradual unwinding of rates after that as data warrants. Unfortunately, the longer rates remain in restrictive territory, the more downward pressure they will exert on the economy—and consequently, the risk of a recession will rise.

While it remains possible that the economy could avoid a recession in the near term even if the Fed is slow to make meaningful reductions in rates, trends in the data suggest it is unlikely. For example, unemployment has been trending higher and has risen by 0.9 percent from its post-COVID low. Looking back, every time the U.S. has experienced a rise in the unemployment rate, as we are seeing now, a recession has followed.

To be sure, there are occasional signs that the economy continues to defy gravity—last week's retail sales being the most recent. But while sales beat Wall Street expectations, as we detail below, the results were just a single data point, and the trend has been middling at best.

Additionally, while consumer spending fuels the bulk of the economy, there have been instances when retail sales grew even as the economy stumbled. In November 2007, one month prior to the start of the Great Financial Crisis, retail sales grew by 1 percent month over month and were up 5.5 percent year over year. Similarly, in January 2001, just before the dotcom recession began in March that year, retail sales climbed 1.1 percent for the month and were up 4 percent over the previous 12 months.

We point out the above anomalies because they underscore the importance of not anchoring expectations for the economy and markets on any single data point. Instead, we believe the best approach is to look at trends and the weight of a diverse set of data as you draw your conclusions about the path forward. Similarly, we believe investors are best served by taking a diversified approach to investing. We believe owning a variety of asset classes is the best way to deal with that volatility because it acknowledges that no one knows for certain what will happen. And while diversification is often viewed as a defensive tool, we believe it should be considered an all-weather approach that allows investors to have exposure to asset classes that typically perform well even as others lag. At Northwestern Mutual, our advisors have tools to help you prepare for all of life's challenging events and uncertainties.

## 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



"Why Not Too Hot Nor Too Cold May Be Just Right, August 19, 2024" For the full article and disclosures, click https://www.northwesternmutual.com/life-and-money/why-not-too-hot-nor-too-cold-may-not-be-just-right/

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