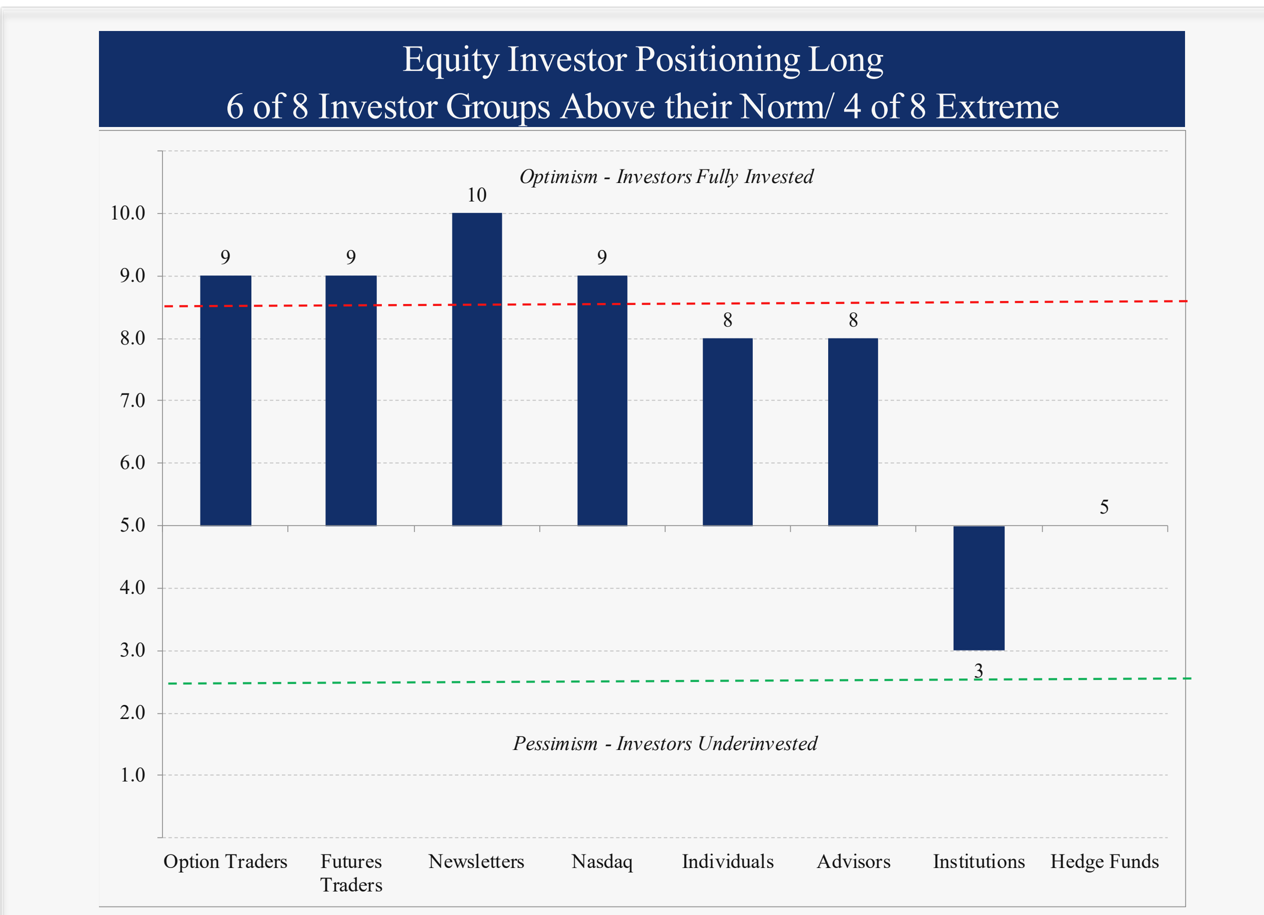
October 1, 2024

Investing Environment Review and Outlook – Volume 85

Last month, we discussed the implications of a Fed policy shift and the ease in bank lending standards. September 18th marked the long-anticipated Fed policy shift with an initial Fed Funds target cut of 0.50%. This month, we cut our bond rating to a bearish 2 due to the extreme moves of bonds ahead of the Fed shift, combined with preliminary reversals in some of our leading economic indicators like copper and crude oil. Our economic and inflation outlook indicators remain neutral. Investor positioning shifted to long overall with 6 of 8 investor groups above their norm and 4 of 8 at extreme levels.



This review and outlook report by Brenton Point Wealth Advisors LLC represents our views and beliefs regarding the current market outlook. Please also read the important disclosures at the end of this report.

BRENTON POINT
WEALTH ADVISORS

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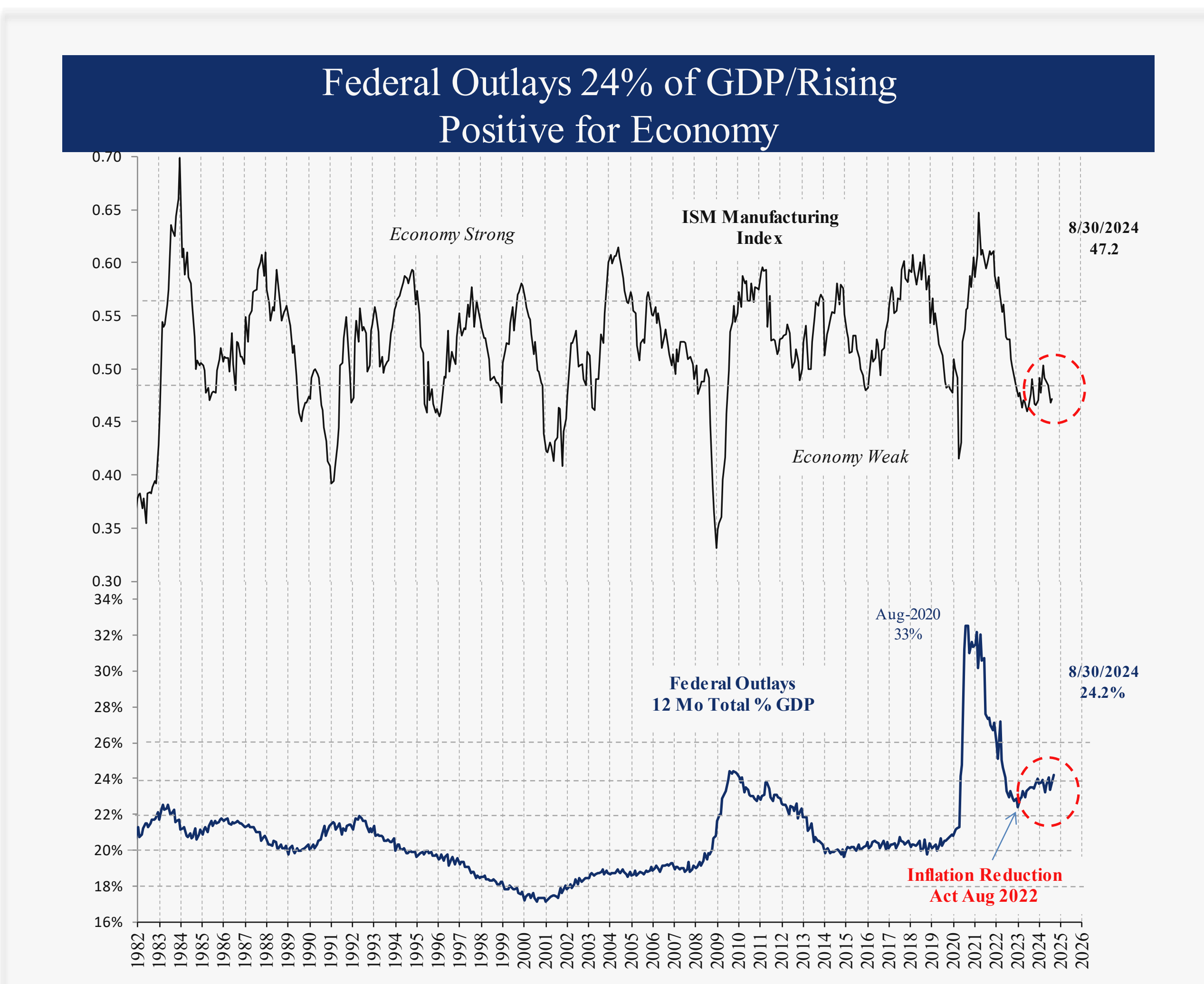
Federal Government Outlays Rising: Positive for Economy

Federal government spending peaked at 33% of GDP in August 2020 in response to the COVID pandemic. After reversing lower to 22% in 2022, it has since reversed higher to 24.2% since the Inflation Reduction Act of 2022. The spending offers support for the economy, and indirectly higher bond yields, which respond to a stronger economy. We have not found a good predictor of Federal spending, but during an election year there is certainly incentive to spend more. The question remains if government spending will reverse next year after the election, and operate as a brake on the economy instead. We continue to monitor economic and market conditions and analyze their impact to asset classes. Thank you for your support and please contact us with any questions.



Michael Schaus
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