



October 13, 2023

## Economic Disconnect

As we begin the last quarter of the year, misinformation and confusion seem to be in season. The recent inflation numbers state that inflation is 3.7%<sup>1</sup>, yet that differs from what we experience in our daily lives. Going to the grocery store and seeing the price of orange juice increase 7.2% in one day – with a year increase of 99.97% - should make us question the reality of the numbers reported.

A recent statement from JP Morgan Chase CEO, Jamie Dimon, stating this is “the best economy the world has ever seen”, should make us wonder once again – what is truth and what is being *portrayed* as truth.

How can inflation be as low as 3.7% and the economy be in top notch shape if we are experiencing the following?

- US National Debt is over \$33 Trillion Dollars<sup>2</sup>
- Federal Reserve has \$1.013 Trillion in losses recorded on financial statements<sup>3</sup>
- 55% of households earning less than \$50,000 a year are living paycheck to paycheck<sup>4</sup>
- Unemployment numbers have been revised lower the first six months of this year<sup>5</sup>
- Credit card balances and interest rates are at an all-time high<sup>6</sup>
- Mortgage rates at a 16-year high
- Student loan debt in the U.S. totals \$1.766 trillion<sup>7</sup>

There is a clear disconnect between what we are being told and what is factually true. There is also a lot of data that suggests a stock market pullback is imminent, but it hasn't happened yet. So far, it's been fairly stable. But between the stats above, low confidence readings from small business, a manufacturing contraction and leading indicators all consistent with recessions, how much more can the economy take? Not to mention, if the Walton family, owners of Walmart, sold \$400 million of the stock in 4 days in April and June<sup>8</sup>, it can't be all that rosy.

Our responsibility is to sift through all of these data points and determine the most appropriate course of action for our clients. It has become increasingly more challenging over the years as Wall Street seems to blur lines with reality. Nonetheless, preservation of capital is key. We continue to plan for this challenging landscape and remain cautious due to deteriorating economic conditions. Please don't hesitate to reach out with any questions or concerns and we can discuss in further detail.

*As always, we at Kapusta Financial Group, would like to thank you for the trust and confidence you place in our team.*

*Data and Sourcing:*

1. CPI Year-over-Year data 2. U.S. Treasury Department 3. U.S. Federal Reserve 4. Moneywise 5. U.S. Bureau of Labor Statistics 6. New York Fed Consumer Credit Panel/Equifax 7. educationdata.org 8. Vickers Stock Research