

## CONSUMERS FEELING THE SQUEEZE

Stuck between high prices and high cost of borrowing, consumers are wondering how long this economic cycle will last.



With 2022 now wrapped up, we here at Jade Investments & Retirement Solutions hope you had a great year, and we wish you a better 2023 to come.

As far as the economy is concerned, Year 2022 was not great. We, as consumers, felt the sting of inflation as the Consumer Price index reached a peak of 9.1 percent in June. That equates to the purchasing power of the dollar buying 9.1 percent less than it did a year before.

That number is an overall average, and some things increased at a higher rate. At-home food prices increased 13.5 percent, the largest 12-month percentage increase since

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1979. Interestingly enough, the price for food away from home increased less than at-home food prices. At 8 percent, however, it is still the largest percentage increase since 1981.

Fuel was another area with large inflation. According to the Bureau of Transportation Statistics, from January 2022 to June, the price of regular motor gasoline rose 49 percent, and

the price of diesel rose slightly more at 55 percent. AAA reported the average national price of gasoline crossed \$5 a gallon for the first time in June as well.

The equity markets did not fare so well either last year. In fact, it was the worst performance since 2008 and it snapped a three-year winning streak. This could be expected -- even without a global pandemic -- because we had recently come off the longest bull run in U.S. history.

We at Jade continue to believe we are not out of the woods yet.

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# How much do you really know about St. Patrick's Day?

On March 17, people and communities all over the world celebrate their Irishness in observance of the Feast of St. Patrick, the patron saint of Ireland. Even if you have no Irish ancestry, you may enjoy some fun facts that are sure to amaze you – and those you celebrate with.

**St. Patrick was actually not Irish**, but of Scottish or Welsh descent. His name wasn't Patrick either, as he was actually born Maewyn Succat. According to legend, he changed his name to Patricius (or Patrick) when he became a priest.

**Planning on wearing green?** Fact is, the



original color of St. Patrick's Day was blue but it started to change in the 17th century. The color green appears in Ireland's tri-color flag.

Ireland is also known as the "Emerald Isle" because of its green landscape.

**Enjoying a pint of stout?** For most of the 20th century, Saint Patrick's Day was considered a strictly religious holiday in Ireland, which meant that the nation's pubs were closed for business. In 1970, the day was converted to a national holiday, and the stout resumed flowing.

**The symbol of Saint Patrick's Day** is the Shamrock, the national symbol of Ireland.

**Feeling lucky?** The odds of finding a four-leaf clover are one in 10,000.

*- Timothy A. Phillips*

## FEELING THE SQUEEZE

### FROM FRONT PAGE

Let's backtrack to the onset of the pandemic, when the government shut our economy down unless you were deemed an essential business. With businesses shut down and people out of work, the government couldn't let the economy collapse. So, they fired up the money printing presses and, over the course of a couple of years, injected \$5 Trillion into our economy. The M2 money supply measures hit all-time historical highs with this influx into circulation.

Long story short, it is going to take a while for these excess dollars to drop back to normal averages.

Knowing this may help you better understand why the Federal Reserve has gone from a 0 percent Federal funds rate to 4.5 percent in the last year, and why it will be hesitant to drop rates back down too quickly. The risk would be too great: If the Fed lowered interest rates too quickly, then new data showed inflation hadn't been brought under control, the Fed would then have to reverse course and begin raising rates quickly again. That

would cause the economy to become very volatile. The markets are under a different belief. That belief is the Federal Reserve will begin to drop rates sometime in the latter half of the year. This explains the January rally we have experienced in the markets.

On February 3, the January non-farm payrolls came out and had an estimate of adding 187,000 jobs. The number came in at adding 517,000 jobs, dropping the unemployment rate to 3.4 percent. What would normally be good news is actually bad news. Employment is an economic indicator, and by doubling the estimate, it shows businesses still have high demand and inflation isn't yet under control.

We feel with more economic reports like this over the coming months the markets will begin to see the likelihood of the Federal Reserve dropping rates later this year as very unlikely. They may become volatile, and there is possibility of another correction before we find bottom in this economic cycle.

The good news is there have been some areas of the economy where de-inflation is happening. The process has begun and that's good.

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**SPRING FORWARD:**  
Daylight saving time  
begins at 2 a.m.  
Sunday, March 12!

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