



## Headlines or Horizons?

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### Did You Know?

#### "Banks v Credit Unions"

Banks are typically for-profit entities owned by shareholders who expect to earn dividends. Credit unions are not-for-profit, member-owned co-ops.

Banks are open to the general public, while credit unions have membership requirements. To join one, you usually need to meet certain eligibility criteria, such as living or working in a specific area, belonging to a certain profession or organization, or be related to an existing member.

Both credit unions and banks offer a range of products and services like checking accounts, savings accounts, loans, mortgages, and credit cards. However, there can be variations in the specific offerings and terms. Credit unions often provide lower fees and more competitive interest rates due to their not-for-profit status.

Banks are regulated by federal agencies such as the Office of the Comptroller of the Currency (OCC) or Federal Deposit Insurance Corporation (FDIC). Credit unions are regulated by the National Credit Union Administration (NCUA), a federal agency that supervises and insures them, providing similar deposit insurance as the FDIC.

Source: Bankrate.com



Continued disinflation, strong consumer spending, and the possibility of rate cuts by the Fed, stoked the fires for stocks strong start to 2024. The technology tail-wind aided that rise, but the influence of last year's Magnificent 7 (Alphabet, Amazon, Apple, Meta, MicroSoft, Nvidia and Telsa) waned. Suddenly (wink, wink) we're reminded that technology extends beyond seven stocks and two letters (AI). In fact, February saw all 11 sectors of the S&P 500 gaining ground, with only two (real estate, utilities) showing losses for the year.

Interest rates, have fallen, risen and fallen, to start 2024, but inflation remains stubbornly stable near 3.1%, just above the Fed's 2% target. This sticky inflation, is having pundits reexamine their rate cut crystal balls. On 12/29/23, there were predictions for six rate cuts. By March, those predictions were halved to just three potential cuts. While many wanted to front run the Fed and predict the detail of Fed's rate decreases, we continued to listen to the Fed's guidance of "seeing what the data tells us."

That data tells us that unemployment is still near historic lows, and shouldn't become a concern until it nears 4.2-4.5%. Housing prices are starting to flatten, though a lack of inventory, especially where most of our clients live, continues as a factor. We know that inflation is much more personal than broad numbers project, but Social Security payments rose again in 2024, and personal income still shows growth.

The other side of the data coin does create pause as the University of Michigan's Survey of Consumer sentiment fell in February, and credit card and auto loan delinquencies crept higher. Lastly, for the 20<sup>th</sup> month in a row, the yield curve remains inverted, with the 2-year treasury yield higher than the 10-year. Historically, an inverted yield curve has been one predictor of a recession. But will recessions have almost always followed a yield curve inversion, not every such inversion has preceded a recession—this difference is important to understand.

Well, while we don't want to boast, too much, the American economy (unlike most major economies) has avoided a recession. And the recent earnings season proved that corporate earnings are also still growing, just a bit slower. These facts give us confidence in our allocations toward US stocks, especially stable dividend payers. It is also suggest its time for a slight decrease to our allocation for clients with international exposure.

We can't predict when rates will move lower, but we are beginning to shift cash from money market funds into bonds. Rates on money market funds are at comforting levels – today. But those rates will drop quickly when the Fed begins to lower rates. Rates on other fixed income don't drop as quickly. Plus, as rates do drop, bond prices rise.

Be careful not to read a Pollyannaish tone to the words above – there is volatility on the near term horizon, and there are real concerns domestically and abroad. But, we firmly believe that clients' long-term financial plans may benefit from an approach that balances today's headlines with your eye on tomorrow's horizon.

### Trivia

- 1) What is the name of the pet dinosaur on the TV cartoon "The Flintstones"?
- 2) What is the only food that can never go bad?
- 3) Who is Barbie's little sister?

## Thanks for your patience

Whether Charles Schwab is a new or familiar name to you, last year's merger of TD Ameritrade into the Schwab family as had a few challenging ripple effects for everyone.

So, we want to take a moment to acknowledge and thank all our clients and their CPA's for a tax reporting season which dragged out a bit longer than most.

## A New Name in our office

We're excited to announce an addition of staff at Bob's office in Brighton, MI.

Ceresse Lindberg joins our firm with over 20 years of operational and office management experience. Her technology background and expertise, will balance nicely the support from our long-term employee Lori Potter continues to provide. Our goal in adding to our head count isn't to grow the business bigger, but to service our clients even better on their journeys forward.



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## CHOOSE YOUR HARD

In the journey of life, we often find ourselves faced with choices that demand our determination, perseverance, and resilience. It's a common misconception that the path to success is paved with ease and comfort. In reality, success often comes from embracing the challenges that come our way and choosing our "hard." Understanding this concept can be a powerful catalyst for motivation and achievement.

Choosing your hard means recognizing that both success and failure require effort, but the effort invested in each yields different outcomes. It's the realization that while the road to success may be difficult, the rewards it offers far outweigh the temporary discomforts and struggles along the way.

One of the fundamental aspects of choosing your hard is understanding your priorities and goals. What are the things that truly matter to you? What are you willing to sacrifice and work hard for? By identifying your priorities, you can focus your energy and efforts on the things that align with your values and aspirations.

Moreover, choosing your hard involves embracing discomfort and stepping out of your comfort zone. Growth and progress rarely occur within the confines of familiarity and routine. Instead, they thrive in the face of challenges and adversity. By pushing yourself beyond your limits and embracing discomfort, you open yourself up to new opportunities and experiences that contribute to your personal and professional development.

It's essential to acknowledge that motivation is not always readily available. There will be days when you feel uninspired and demotivated, and that's perfectly normal. However, what sets successful individuals apart is their ability to stay committed and disciplined even when motivation is lacking. This is where choosing your hard becomes particularly relevant.

When motivation wanes, it's the commitment to your goals and the willingness to endure hardships that keep you moving forward. Remind yourself of the reasons why you started in the first place and the vision you have for your future. Visualize the end goal and let it serve as a source of inspiration during challenging times.

Moreover, surrounding yourself with a supportive network can significantly impact your motivation and perseverance. Whether it's friends, family, mentors, or peers, having a support system that believes in you and encourages you can make all the difference. Lean on them for guidance, encouragement, and motivation when you need it most.

Another crucial aspect of choosing your hard is adopting a growth mindset. Instead of viewing challenges as obstacles, see them as opportunities for learning and growth. Embrace failure as a stepping stone towards success and use it as a chance to refine your skills and strategies.

Choosing your hard is about embracing the challenges and sacrifices necessary for success. It's about prioritizing your goals, pushing past your comfort zone, and staying committed even when motivation is lacking.

## Trivia Answers

- 1) Dino
- 2) Honey
- 3) Skipper

Source: USA Today

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