

## Weekly Commentary

For the third year in a row, I had the distinct displeasure of finding a letter from the Grinch in my stocking on Christmas morning. He's such a pessimist that I'm starting to think his heart and his brain are two sizes too small.

Frankly, I'm hesitant to publish his tirade for Mill Creek's clients, but who am I to censor the unhinged rantings of a canned food, guns, and gold nut who lives by himself on top of a mountain? I only ask that you read it with a skeptical eye. His points can seem reasonable in isolation, but he was far too grinchy in his prospects for 2022 and 2023. The same is likely to be true for 2024.

## A Letter from the Grinch 2023

*Dear Mill Creek,*

*Soft landing? **Fat chance.** Fed Chair Jerome Powell isn't a Delta pilot landing a 737 on a sunny day. He's Chuck Yeager trying to break the sound barrier in an X-1. It's never been done before and, unlike Yeager, I think this landing is going to be as graceful as Max and me falling down Mt. Crumpit.*

*Here's the deal. The Fed went too far, as they always do, and they won't admit it in time to save the economy. Over a third of households now say they have trouble paying monthly expenses and credit card delinquency rates have been rising since early 2022. Auto loan delinquencies are almost back to 2008 levels! Meanwhile, we have a huge housing shortage but good luck trying to get a real estate development deal together. Even if you can find a lender (you can't), there's no way the economics will work at current borrowing costs. The Fed breaks everything they touch.*

*You think the labor market will save us? American workers are making less, after inflation, than they were in January 2021. The quits rate (the rate at which workers are voluntarily quitting their jobs) has fallen 23% over the last 2 years. The last time that happened... 2008. Workers are afraid for their jobs and - if you're willing to open your eyes and look at the data - you'll see the recession is already here.*

*Oh, and don't forget about the geopolitical conflicts. It's not just Russia vs. Ukraine and Israel vs. Hamas. Conflicts are sprouting up all over. China and the Philippines, Azerbaijan vs. Armenia, Venezuela vs. Guyana, and now the Iranian-backed Houthis are shutting down shipping in the Red Sea while Taiwan simmers in the background. The bad guys feel increasingly emboldened and are acting accordingly.*

*As Yeager said, "If you can walk away from a landing, it's a good landing. If you use the airplane the next day, it's an outstanding landing." There are no soft landings. Let's just hope we can reuse the airplane when it's over.*

Sincerely,

## The Grinch!

*This week's contributor: Michael Crook, CAIA*

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