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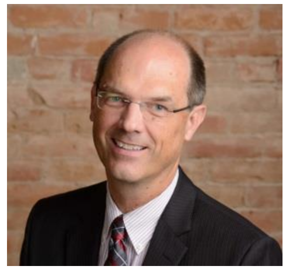
Letter from Dan



Daniel Kutzke
Partner - Financial Advisor
dan@northstarfp.net
507-281-6650

www.northstarfp.net

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I hope everyone is enjoying the summer- we are in the part that just flies by! Thanks for taking a bit of time to read my Letter!

I just read what I wrote last quarter and it seems like most every point I made still holds true! The Fed just raised interest rates by 0.25% and we anticipate one more increase in September. Any increase will be dependent on economic data and if inflation is continuing to decrease. The Fed is hoping for a "soft landing", meaning slower growth, a stable consumer and no recession. Let's hope they are right- there is a chance that they could be close to target.

I think that inflation is going to be stubborn and persistent, meaning the Fed will not begin to lower interest rates anytime soon. This means that money market yields should not decrease and bond funds should also be stable. Not like the uncertainty and losses in bonds from 2022. If interest rates stay higher, will also tend to dampen gains in stocks. It still is ok to have steadier gains and not a big rush upward.

Not much news of any breakthrough in Ukraine, no big political changes in China or Russia and the supply chains have mostly caught up after the pandemic. The US government passed a law saying that they can borrow to keep up with spending and are beginning to look ahead to Presidential elections in 2024. Summer doldrums?

Artificial Intelligence (AI) hit the markets in June, sending some growth stocks up substantially. AI is not new news, but it seems to now have caught the attention of investors. But the gains are not broad- in fact most of the gains have come in 7 stocks- Microsoft, Apple, Alphabet, NVIDA, Amazon, Meta Platforms and Tesla. This can be looked at as leading the way out of a down market, or being a bubble that will pop if the economy hits a recession. Stay tuned.

International stocks have improved because the dollar continues to fall slightly against foreign currencies. With the Fed leveling off interest rates here and European Central bank rates still raising, it leads to a weaker dollar. Again, not a real concern, as the dollar had been very, very strong through the end of the pandemic.

Money market rates will rise above 5% and CD's are around 5.25%. We can find bond funds that are yielding 7%, with low risk. There will come a time when we will want to be back in bonds over money market funds- when interest rates are stable or falling. We will continue to monitor rates and make moves if appropriate.

So, a sort of boring time- but boring can be better! Find something fun to do yet this month!

Dan