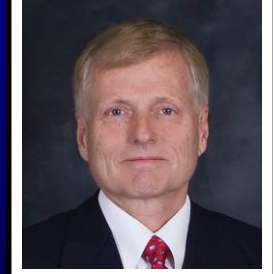




MOULTON WEALTH MANAGEMENT INC. ***MOULTON HOT MINUTES***

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September 2023

One of our research partners, Investech Research, issued their newest work and we'd like to explore just a few of the many data points they cover, along with a couple of others.

First, they, like us, acknowledge some positive economic and technical data points. And at the same time, they also recognize other negative economic and technical data points.

Which are correct?

We have our own feelings, but when there is conflicting data to this degree, we suggest protection take priority.

First, some positives. Retail sales, after adjustments, came in last week much higher than expected (even though the adjustments were what changed the actual sales from negative to positive). Also, many are predicting an increase in GDP (the economic speedometer) for the third quarter of 2023. Finally, as we know, the markets have rallied significantly off their lows in October of 2022, although overall they've not made new highs from when we first started sounding warning sirens in early January 2021.

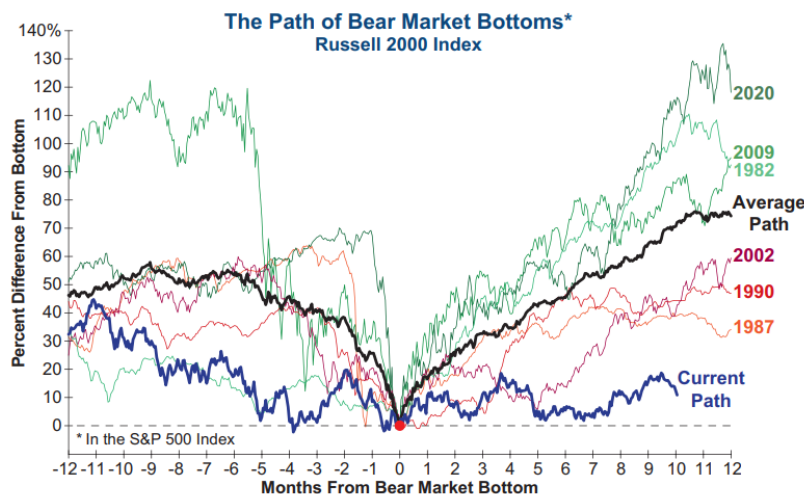
So, what's not to like?

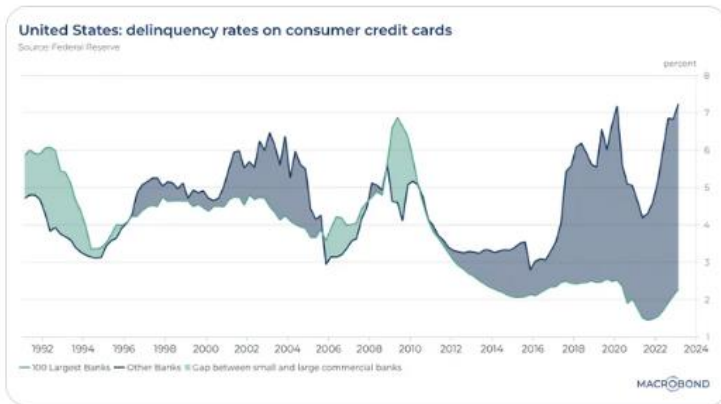
First, if we are in a new bull market, as opposed to a bear market bounce, it's historically unique. After bottoms were put in during past bear markets, small cap stocks led the charge higher. In fact, the small cap gains 12 months after bear market bottoms, back to 1982, have averaged +72%. If we're in a new bull market, it's the weakest rise from the bottom for small caps. And not by a little, but by a lot!

Next, even if the Fed has completed their rate hiking cycle, it's been a doozy and hasn't yet completely reached the real economy. Fed rate hikes have real world

implications such as higher interest on mortgages, credit cards, auto loans and corporate borrowing. If you've followed us, you know the absolute balance on consumer credit cards is in excess of a record \$1 trillion. Kobeissi Letter tells us the current interest rate on that debt is a staggering 25%. We would suggest that consumers wouldn't hold this much debt at a 25% rate unless they have few other options.

In fact, Barchart tells us that credit card delinquencies at small banks have hit a record of 7.2%.





stock market during a 1973 interview.

“In the short-run, the market is a voting machine but in the long-run it is a weighing machine.”

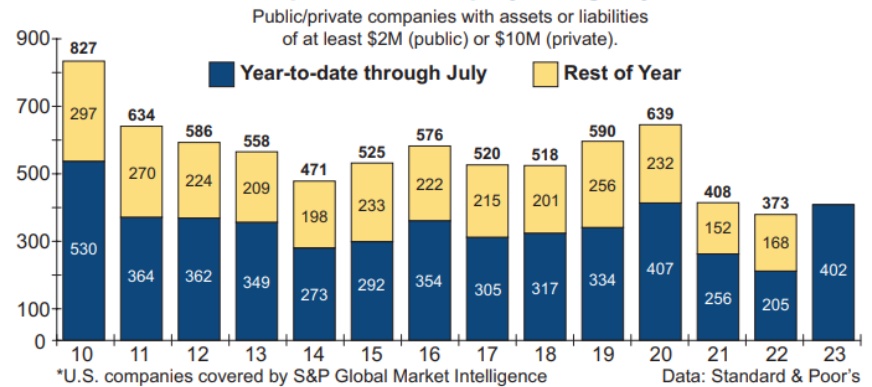
We would suggest when the movement in the stock market doesn't correspond with much of the economic data, it's prudent to take care, as it might just be whacky voters.

Finally, corporations are not immune. Large U.S. corporate bankruptcy filings for the first seven months of 2023 are now greater than the first seven months of any year, outside of the Covid lockdowns, since 2010 when we were still trying to exit the Great Financial Crisis.

And let's not forget banks. The yield curve is still inverted meaning the loans and securities held by banks are largely under water. This at a time that depositors are demanding higher interest paid on their deposits. It also largely explains the plethora of bank downgrades by rating services. At the very least, the stress will likely curtail future lending, the grease for our economy.

Remember what Warren Buffet said about the

U.S. Corporate Bankruptcy Filings by Year*



It's not too late to protect yourself.

What is your defensive plan? Attend a free seminar or call the office to hear about ours.

Waiting could be costly.

Yours truly,

Rial R. Moulton, CFP®, CPA / PFS, RFC
Certified Financial Planner™ professional

Donald J. Moulton, CFP®, RFC
Certified Financial Planner™ professional

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please ask them to send an email with their information and permission to be added.

The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. Yahoo! Finance is the source for any reference to the performance of an index between two specific periods. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Investments in securities do not offer a fixed rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results. Consult your financial professional before making any investment decision. You cannot invest directly in an index.

In the short-run the stock market is a voting machine, but in the long-run it is a weighing machine.

Weekly Radio Show
Saturday Morning:

8:00 AM KXLY 920 AM
Spokane and Area

9:30 AM KFLD 870 AM
Tri-Cities and Area

Moultonwealth.com

SPOKANE

Hampton Inn—Valley
BREAKFAST!
16418 E. Indiana; Spokane
September 20th @ 9:30 AM

TRI-CITIES

Hampton Inn
LATE BREAKFAST!
486 Bradley Blvd; Richland
September 27th @ 11:00 AM

- ◇ How employing and consistently following a defensive system could help you to a better retirement.
- ◇ The Secure Act tax law change could alter how you leave your retirement accounts!
- ◇ What happens when an economic downturn makes it difficult for companies to pay back their massive debt?
- ◇ Why Buy and Hold Investing was right for the 80's and 90's yet very wrong for today.
- ◇ Will inflation eat up your assets?
- ◇ How to potentially decrease taxes on your hard earned Social Security Income
- ◇ To Roth or not to Roth?

And so much more!

COMPLIMENTARY SEMINAR

For those 50 years old and older

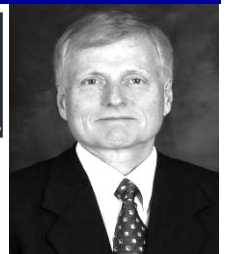


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Voting Could Soon Turn to Weighing.

In the short-run, the stock market is a voting machine, but in the long run it is a weighing machine.

Spokane

Sept. 20th

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Richland

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