



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

***SPECIALIZING IN RETIREMENT AND TAX PLANNING***

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**April 2024**

**W**e have good news and bad news. Which would you like first?

The Leading Economic Indicator (LEI) finally turned positive, up +0.1% in February. That's the first positive reading in two years. Historically, whenever the LEI has fallen this far, this long, we're already in a recession or about to enter one. But as the ancient Chinese curse says, "May you live in interesting times." Maybe this will be a first, and we'll avoid a recession.

In the same week that LEI was announced, the Fed decided not to raise or lower rates, as expected. What wasn't expected was Fed Chair Powell's press conference comments. He said three cuts are still likely this year, as well as a reduction in Quantitative Tightening (QT). In essence, both cutting rates and reducing QT are considered inflationary. Since the last two inflation numbers were higher than expected, this was a surprise.

For now, it likely means stock prices have time to move even higher. However, inflation will also likely remain higher. At some point, suggesting inflation will continue on its own to their 2% target may be a hard argument for the Fed to win.

Which brings us to the bad news. Smart Asset recently published a piece explaining just how unaffordable "comfortably" raising a family has become. They used what they called the 50/30/20 budget for the 99 largest cities in the U.S.

- 50% of one's budget goes to necessities, such as shelter, food, transportation, etc.

- 30% goes towards "wants" like vacations, entertainment and hobbies;
- 20% goes towards paying off debt, saving and investing.

After calculating the cost of each component, they adjusted it for taxes to come up with necessary pre-tax household earnings.

On average, they concluded a family of four, with two adults and two children, needed a combined income of about \$235,000 per year. A single person needed an income of \$96,500.

The highest required was (not surprisingly) San Francisco, where a family of four needed a combined \$339,123. The cheapest was Houston where a family of four needed "only" \$175,219.

Even Spokane was included as one of the 99 largest cities. Surprisingly (at least to the authors), they said it costs more to raise a family of four in Spokane than Dallas, Tampa, Orlando or even Miami. Here we need a combined \$216,986 to raise a family of four comfortably.

Before dismissing this as outlandish, start adding numbers. Consider daycare can easily run \$1000 per month per child, and rent or a house payment \$2,000 per month. Then tack on health insurance, auto payments, auto insurance, utilities, food, clothing for growing children, etc., etc., and families can easily reach their 50%, after tax threshold for necessities.

As we discussed in last month's newsletter (you

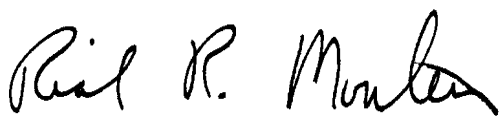
can find it on our website if you missed it), it's the younger people struggling the most. They have higher defaults on credit cards and car loans. While those with mortgages, or better, paid off houses, (mostly older folks) didn't see their rents increase by 20% - 40% over the last three years, younger people did.

They also are the most likely to be raising families.

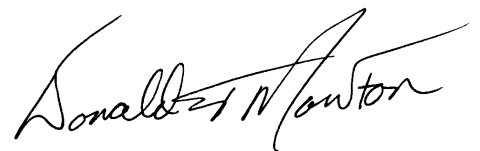
Luckily, we have a very strong jobs market (sarcasm intended).

The Bureau of Labor Statistics (BLS) tells us that 921,000 part-time jobs were added in the U.S. economy between February 2023 and February 2024. Meanwhile, full-time jobs *declined* by 284,000. Since November of 2023, the U.S. economy has lost 1.8 million full time jobs. In fact, all net jobs created in the past year have been part time jobs.

How can families survive on part time jobs? By Yours truly,



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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.*

holding more than one. The table shows all the job categories from the recent BLS release. *Note that all numbers are in thousands.*

What's this mean for the economy and stock market?

The stock market could very well continue higher, fueled by a Fed that seems

“OK” with higher inflation, as long as it doesn't hurt the economy (*code word for the stock market*).

This is the “no landing” scenario, where we continue forward with inflation above 3%, and the Fed doing little to arrest it.

But eventually, the economic plane may run out of fuel, and a no landing, stock market celebration, become a crash landing, with stock market misery.

Could we avoid a recession? Sure, but the probabilities are not in our favor.

**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.

**HOUSEHOLD DATA**

**Table A-9. Selected employment indicators**

[Numbers in thousands]

Characteristic	Seasonally adjusted					
	Feb. 2023	Oct. 2023	Nov. 2023	Dec. 2023	Jan. 2024	Feb. 2024
<b>FULL- OR PART-TIME STATUS</b>						
Full-time workers(3)	133,230	134,502	134,727	133,196	133,133	132,946
Part-time workers(4)	27,020	26,702	27,032	27,794	27,890	27,941
<b>MULTIPLE JOBHOLDERS</b>						
Total multiple jobholders	7,883	8,360	8,343	8,565	8,272	8,259
Percent of total employed	4.9	5.2	5.2	5.3	5.1	5.1

# Higher for longer inflation? Good for the stock market, until it's not.

## 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  
April 24th @ 9:30 AM

### **TRI-CITIES**

Hampton Inn  
Breakfast  
486 Bradley Blvd—Richland  
April 17th @ 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

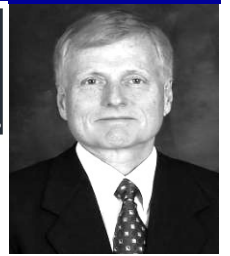


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# Call to reserve a spot: 509-922-3110

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*Fed lets inflation ride.*

**Good for stocks...  
until it isn't.**

Spokane

**April 24th**

@

**9:30 AM**

*Details Inside*

No Cost  
Seminars for  
Retirees and  
those close to  
Retirement

Richland

**April 17th**

@

**11:00 AM**

*Details Inside*