

## Summer 2021 Newsletter

### Recalibrating

To say that we are recalibrating would be an understatement as we start to venture out into the world again. Just as we are personally finding a new rhythm to our days, our economy is going through the same process. This recalibration has created significant extremes in many sectors of our economy, from soaring housing and lumber prices to significant labor shortages.

We have all read countless news articles about the exodus of many individuals and families from cities to smaller communities during the pandemic. This trend has led to all-time high housing prices in some areas, a legitimate challenge for many buyers. Sellers in these communities are in the position of entertaining multiple offers on their homes which propels prices higher.

When things swing to the extremes, it often creates an endless loop that acts as a self-fulfilling prophecy until something dramatic occurs to stop the cycle. For example, prices will continue to surge until buyers are no longer willing or able to pay these prices and decide to wait. In the meantime, prices continue to escalate as long as demand exists. The combination of high demand and record low interest rates have been a powerful combination propelling the housing market.

Historically, as various sectors heat up and push prices higher, the Federal Reserve will step in and increase interest rates to cool off the economy. The Federal Reserve recently announced that it is very willing to do what it feels is necessary if the overall economy overheats. A June 21, 2021 The New York Times article by Matt Phillips on the astronomical price of lumber, hits the proverbial nail on the head. During the pandemic, lumber prices surged to unseen levels as do-it-yourselfers had time and money on their hands to complete projects. Lumber yards re-opened to meet demand but were barraged with ever-increasing orders. This demand drove prices higher. These unprecedented lumber prices led to speculation that the Federal Reserve would increase interest rates quickly and dramatically. This speculation then spooked lumber prices in the futures market resulting in quick, steep declines. Just when many thought lumber prices would continue to escalate, they dropped substantially. This drop in prices then cooled off the speculation around dramatic hikes in interest rates. As the article noted, "It's a dance of supply and demand that has reassured many experts and the Federal Reserve in their belief that painful price spikes for everything from airline tickets to used cars will abate as the economy gets back to normal".

Another sector trying to find its new normal is the labor market. Labor is a second example of a dislocation that is occurring during this period of recalibration. As an example, we know of many local veterinarian offices that are short staffed in veterinarian tech positions. What are the reasons behind this shortage locally? Did vet techs leave the profession for new opportunities that would allow them to work from home? Did they relocate? Were new positions added during the pandemic that have gone unfilled? Is this a short-term trend or will this continue? Time will only tell. There is no doubt we will continue to see price surges in some sectors as that sector finds its footing and its "new normal". This will likely be an extended time of recalibrating for all of us. In order to dance to whatever the "new normal" is, we will all need to find our rhythm first.

## **Welcome Mary Kate Frodema**

Mary Kate Frodema joined our firm earlier this year as a Financial Planner and comes to us from Charter Oak Financial as their Director of Advanced Planning. Mary Kate has over ten years of experience in the industry and is a Certified Financial Planner™ Practitioner. She holds an MBA with a specialization in accounting and finance from Nichols College. Welcome Mary Kate!

## **Our Office is Open**

Please know that our office is now open and available for in-person appointments. We will continue to offer Zoom and phone options as well. In other news, we renovated our main entrance into a meeting space which includes many amazing photographs by Cheryl Patterson.

## **Our Shredding Event is Back!**

After a year off, we will once again be hosting our annual Shredding Day on October 22 from 12-2PM. No RSVP is necessary. Pro Shred will be on site to securely shred any paperwork you have accumulated, and lunch will be served by Macken Sliders. Join us anytime between noon and two. We look forward to seeing you!

## **Check Your Social Security Estimates**

For those of you who are not yet collecting Social Security benefits, we recommend that you review your Social Security report annually to confirm your income is properly recorded. It is important for two reasons: 1) to make sure you will receive the correct benefit amount when that time comes, and 2) to make sure you have not been the target of identity theft. Potential fraud may have occurred using your Social Security number if you find that your reported earnings are much higher than they should be.

Your statement can be viewed online at [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount)

On behalf of all of us at Hart & Patterson, we wish you a wonderful summer season and as always, please be in touch with any questions or concerns.

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