

Summer 2023 Newsletter

Market Topics: Credit Rating Downgrade

You may have read or heard in the news recently that Fitch downgraded the U.S. credit rating for long term debt. The two other major credit rating services, Moody's and S&P Global Ratings, did not downgrade their ratings.

Fitch reduced its rating from AAA to AA+ stating, that the continuing games played in Washington regarding funding the debt limit has "eroded confidence in its fiscal management" (Rappeport, Alan and Joe Rennison. "Fitch Downgrades U.S. Credit Rating." The New York Times, 1 August 2023). We do not think anyone would disagree with that assessment. It is infuriating that talks do not start before they breakdown when it comes to discussions surrounding the debt limit and federal funding levels.

Typically a downgrade, no matter how minor, would result in an uptick in the cost of borrowing money as interest rates would increase. Currently, it seems this will not be the case as Fitch was alone in its downgrade. The fighting and bickering will once again begin in earnest regarding federal spending and the debt limit as the fall nears. It is one thing for our lawmakers to disagree with one another based on sound arguments. It is quite another when stopping the wheels of governing is the goal. As we are all aware there is a faction of lawmakers who have no interest in governing, but instead want to set up roadblocks at every turn. Based on what has been occurring, it is hard to be optimistic that talks this fall will be more fruitful than those in recent times. If the constant infighting and kicking the can down the road continues to occur, future downgrades from one or all three of the major credit agencies may be the outcome. We certainly hope that is not the case. This is a topic we will be keeping an eye on.

Save the Date – Shredding and Lunch – Friday, September 29, 12-2 PM

Please mark your calendars for our shred day event. Bring any documents you would like to shred and there is no need to remove staples or paperclips. We will have lunch provided by Caravan Kitchen. We look forward to seeing you!

Distribution Requests

Should you need a distribution from your portfolio, please call the office and leave a detailed voicemail if you do not reach us live. We will contact you if we need additional details. Otherwise, we will process the request and follow up with a confirmation email or phone call.

Amherst Office

For those of you who meet with us in the Amherst office we have a new entry to the building. You will see our logo on the portico that leads to our new space directly to the left of the old entry.

As always, please reach out with questions or concerns at any time. We hope to see you next month at Shred Day and in the meantime, enjoy the remainder of summer!

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