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## *Dave Windsor's 'Financial Commentary'*

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### **Fed Engineered Recession Has Begun**

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The U.S. economy has now had 2 consecutive quarters of negative growth. The first quarter was 1.6% negative growth and the second quarter 0.6% negative. By definition, this is a Recession. It has only just begun.

Last December many analysts, including myself, argued strongly that Inflation at the time was by no means "Transitory" even though the Federal Open Market Committee, comprised of 12 members, insisted that inflation was a temporary or passing phenomenon.

We will overlook conspiracy theories here except to say that it is unbelievable that these Fed Governors could be so incompetent. They were wrong and now, because interest rates were not raised earlier, all Americans will feel the pain.

There has never been a time in history when the Federal Reserve effectively reduced inflation without moving their key interest rates to at least the current level of inflation.

Inflation was at 3% or less for 10 years before it started rising sharply in 2021. By April of that year it was 4.2% and the Fed did nothing, leaving its baseline rate at less than half of one percent.

By October 2021, inflation was running at 6.2% and by December 7%. The Fed was still at 0.25% ! By the time the Fed made its move in 2022 inflation was already at 7.5%. Rates were increased to 0.75%.

The Fed Rate would have needed to be at least 6% this year to counter the trend, but they just sat there.

The failure of the Fed to act will create a recession, and already has, which will be fueled by the higher interest rates, currently 3.5%. The Fed rate is expected to be 4.5% by the end of 2022.

The Fed will be forced to back off those rates as the economy starts tanking and, despite what Jerome Powell says, you will not see the goal of 2% inflation achieved in the next decade.

Prepare yourself for the rising

cost of living (Credit Card and Home Loan rates run at least 3% higher than the Fed rate) that will increase stress in a society already rocked by political polarization and threats in Europe as well as Asia.

Call (907)-727-3300 to discuss hedging against the future with your real estate, metals and other financial investments.

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