Weekly Market Commentary
September 27th, 2021

Is It Time To Raise The Debt Ceiling Again?

Looming uncertainties may keep the market on its toes.

Even with nerves calming as stocks rebounded strongly and finished higher for the week, volatility is likely to stay elevated in the near term. The two uncertainties that could be in the spotlight in the coming weeks are a potential government shutdown and debt-ceiling showdown, and profitability headwinds that could be on display when companies start reporting third-quarter earnings in mid-October.

- The government shutdown and debt ceiling: A familiar standoff
- By September 30, Congress needs to fund the government to avoid a government shutdown. And by next month it needs to raise the debt ceiling so that the U.S. doesn't default on its obligations. Over the past decade, there have been three government shutdowns, with the longest lasting 36 days between December 2018 and January 2019. The impact on the economy has been limited in the past, with the underlying fundamentals exerting more influence on stock-market performance. For example, stocks rose during the 2013 and 2018 shutdowns, but the halting of many government-agency activities might have added to the pressures that resulted in brief market pullbacks prior to the events (the more impactful market force in 2013 was the Fed's bond tapering, and in 2018 the global growth slowdown, together with a corporate profit squeeze and rising rates).
- A failure to raise or suspend the debt ceiling would have severe consequences for financial markets. But fortunately, there has been no precedent of the U.S. government defaulting on its payments. Still, an 11th-hour resolution back in 2011 led to a U.S. credit-rating downgrade for the first time in its history, increasing borrowing costs, shaking investor confidence, and triggering a market pullback. You should expect that a government shutdown will be avoided and a deal to raise or suspend the debt ceiling will be reached, but headline risk will likely be high as both parties engage in political posturing. There is no reason that investors should avoid changing investment courses purely based on the dramatic headlines that will likely be prevalent as the negotiating process unfolds.

(Source: oXYGen & Jones)

Markets For The Week

INDEX	CLOSE	WEEK
Dow Jones Industrial Average	34,798	.62%
S&P 500 Index	4,455	.50%
NASDAQ	15,048	.03%
MSCI EAFE	2,353	-.55%
10-yr Treasury Yield	1.45%	5.84%
Gold	$1,751	-.23%
Bonds	$115.44	-.36%

Source: Reuters/Wall Street Journal

Is It Time To Get Some FREE College Money?

Now that the kids are back in school and the football season is in full swing, most families don't realize that applying for free financial aid is literally right around the corner for the school year in 2020. The problem is that most people don't understand how the college aid process works and often sell themselves short of getting free money that could help offset the growing cost of college. Here are seven mistakes that could crush your ability to get free money for 2022.

1. Filling out the FAFSA form AFTER October 1st- If you are interested in getting the most possible money from the Free Application For Student Aid, then you must fill out the forms by October 1st. Some of the financial awards are issued on a first come first serve basis, so when you fill out the form matters. Some states and some colleges will run out of money early, so the early bird gets the worm. The myth here is that most families believe this is 100% a need-based process when it is not. Remember, the tax requirements changed and FAFSA will be using your 2019 returns for better or for worse and not your 2018 returns.
2. Not filing by the deadline- Ok, so you didn't heed our advice for section one because you either forgot or just didn't have the time to get it done early. The next colossal mistake is missing your state deadline or the deadline from your college. If you look up the website www.fafsa.gov/deadline you can find out what is the actual deadline for your state for applying for financial aid. Missing this date will be a huge mistake if you are trying to get free aid.
3. Not reading the asset questions- Most people mistakenly assume that all your assets are included with FAFSA, so many families do not even attempt to fill out the form because they automatically assume they will be declined. There are many assets such as the value of your business, your IRA accounts, and the equity in your primary residence that are not included for FAFSA purposes. In fact, when people build their financial plans, they often don't consider the long-term ramifications of planning for college with their current short-term decisions such as should you pay their mortgage off quicker.
4. Reading the FAFSA definitions- FAFSA has very detailed criteria on which parents need to be listed, which people are considered family members, and which family members will attend college at the same time. One common mistake is that if you have three children in college with one of them being the

student who is currently filling out the FAFSA forms, parents will often list two in college versus three. That alone could end up costing you money.

5. Listing only one college- Let's say you are extremely sure you will go to one college in your state. It is a big mistake on FAFSA forms to list only that one college instead of all of the colleges that could potentially plan to attend. There is no penalty for adding more schools to your FAFSA forms. According to fafsa.gov, you don't even have to remove schools you later decide not to apply to down the road. That particular school can just disregard your FAFSA.
6. Use the right website- There are many websites that talk about FAFSA or may ask you to pay money to fill out the FAFSA form. The website is www.fafsa.gov and you NEVER have to pay a fee to apply for the Free Application For Student Aid.

Sign your application- This may seem silly, but for various reasons, some students and parents forget to sign the FAFSA forms. Double-check your work and make you sign the application on October 1st to get a jump on your competition.

Earnings Highlights This Week

(source: CNBC)

Oracle- Nike said that global supply chain congestion is hurting the business more than it previously anticipated. The sneaker giant lowered its fiscal 2022 outlook to account for longer transit times, labor shortages, and prolonged production shutdowns in Vietnam. Nike now expects full-year sales to increase mid-single digits, compared with a prior outlook of low double-digit growth.

Stitch Fix- Stitch Fix shares jumped after the online shopping and styling service posted a surprise profit for its fiscal fourth quarter. The company reported nearly 4.2 million active clients, up 18% from a year earlier.

News and Notes:

Impulse Spending and Drunk Shopping On The Rise

You say people are having trouble reining in their spending?

- In a recent survey, 1 out of 2 Americans admits they spend more than they should do to impulse spending.
- Household credit card debt how now risen back to $1 Trillion and the ease of online shopping is driving impulse spending.
- **ALERT:** People spent roughly 21.6 billion dollars this year while drunk shopping – food, clothes, and shoes topped the list.

What can you do to help curb impulse spending?

- Do NOT store your credit card info.
- Amazon and Las Vegas have the same goal (I'll explain).
- Use a 24-hour shopping cart rule
- Unsubscribe from marketing e-mails. SALE doesn't always mean DEAL.

Speaking of impulse spending, people are still doing a lot of home delivery for food and groceries…is this here to stay?

- **Dark Stores** (think warehouse grocery store) and **Ghost Kitchens** (cooking facility for delivery food only) are in the thousands now and will be here to stay post-COVID.
- Instacart, GoPuff, and Gorillas are all examples of speedy grocery delivery services.
- Many families want to ***save time*** and ***have the convenience*** and will be willing

to pay the additional cost going forward.

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