



Election 2024

Description

Tomorrow, we finally have one of the most important elections of our lifetimes. We will decide the direction of our country for the next four years, with impacts that could last much longer.

While RPA Commercial Loans does not take an official position in political affairs, it is recommended that you do!

If you are reading this post, you likely own a business, work in a management capacity in a business, or would like to start a business. It would make zero sense to vote for an anti-business candidate. Looking at the current presidential candidates, if you can't figure-out which one is pro-business and which is not, then you probably are not informed enough to make an educated vote.

The Federal Reserve's Open Market Committee will be meeting this week, starting on the 7th of November. Those who predict these sorts of things expect that the FOMC will reduce rates again at this meeting.

Counter-intuitively, the last reduction of 0.50% in the overnight rate didn't have a long-term positive impact on rates. While the Prime Rate did drop from 8.50% to 8.00%, mirroring the reduction in the Fed's rate, this change didn't translate across-the-board for consumer and business mortgages.

The consensus once was that the Fed would reduce rates by 0.50% in August and another 0.25% to 0.50% in November. A horrible jobs report this month, showing only 12,000 new jobs, would lead one to believe in the potential of a drastic decrease in the rate. If you take note of the fact that nearly every jobs report in recent memory has been quietly downgraded, the possibility exists that jobs were lost over the last period.

Back to the election's potential impact on rates, we have the luxury of two candidates with a track record in the White House. During the administration of the pro-business candidate, inflation was near zero, while during the administration of the other candidate, inflation reared its ugly head in a big way.

Should the pro-business candidate succeed, the Fed may determine that it doesn't need to make much of an adjustment, if any, to rates in order for inflation to be brought under control. Should the other

candidate win, then it may be necessary to take a more drastic measure.

Our guess is that the pro-business candidate wins big and the Fed takes either no action or gives us a 0.25% reduction.

Regardless of your choice of candidate, and we hope you make the right choice, be sure to go and vote. It is a sacred right held by Americans, and the only time that anyone truly cares about your opinion.

May the best candidate for America win!

Category

1. Commercial Loans

Date Created

November 4, 2024

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