

Rate Reductions, Federal Fines, and Rising Rentals

September 30, 2024

- **The First Rate Reduction** – The Federal Reserve officially cut rates by 0.5 percentage points on September 18, 2024, bringing the prime rate to 8.0%. This is the first rate cut since March 2020. Michelle Bowman was the only Committee member to disagree with the 0.5 percentage point cut, calling for a 0.25 cut (source: The Federal Reserve).
- **Booming Businesses** – Business formations in the United States increased by 2.6% between July 2024 and August 2024, with 431,928 business applications received in August 2024. The South had the highest number of submitted applications at 194,505, followed by the West with 103,281. The Midwest reported 71,557 applications, while the Northeast fell into last place with 62,585 applications (source: United States Census Bureau).
- **Funding Fun** – KKR, an asset management company, raised \$4.6 billion for its new fund focused on mid-sized deals in North America. Public pensions, family offices, and insurance companies were among the notable groups of investors that contributed to the recent capital raise (source: Reuters).
- **Rising Rentals** – For the first time in ten years, the real median gross cost of renting* rose faster than the real median home value in 2023. Real median home values grew 1.8% in 2023, while the real median gross cost of renting increased 3.8% (source: United States Census Bureau).
- **Stable States** – Unemployment in August 2024 remained stable in 43 states, decreased in 1 state, and increased in 6 states and the District of Columbia. South Carolina had the highest increase at 0.4%, while Connecticut was the only state with a decrease at -0.2% (source: U.S. Bureau of Labor Statistics).
- **More Fines for Musk** – Elon Musk's company, SpaceX, is facing \$633,000 in fines by the FAA. The fines date back to two launches in June and July 2023, with the FAA citing that SpaceX failed to follow U.S. regulations. Musk and SpaceX have forcefully rejected the fines and are in the process of contesting them. These charges come after SpaceX replaced Boeing's team to rescue the two astronauts stranded in space after Boeing's Starliner malfunctioned (source: Yahoo Finance).
- **Pay Up** – The Macquarie Investment Management Business Trust was fined \$80 million for overvaluing assets and completing unlawful cross-trades by the SEC on September 19, 2024. According to the SEC's press release, Macquarie overvalued 4,900 large illiquid collateralized mortgage obligations and favored certain clients over others when conducting trades (source: U.S. Securities and Exchange Commission).

- **Insurance Info** – A recent study found that 72% of private industry workers and 89% of state and local government workers had access to medical benefits in March 2024. Private workers had 80% of medical costs subsidized by employers, while government workers had 86% of medical premiums covered (source: U.S. Bureau of Labor Statistics).
- **Surging Social Media** – The number of social media users in July 2024 was 5.17 billion. This is already a 4.4% increase from 2023's 4.95 billion users (source: Statista).
- **Dominating Disney** – Walt Disney is the current top grossing movie distributor between 1995 and 2024, with 17.10% of the market share. Close behind is Warner Bros at 15.20% and Universal at 12.51%. So far, in 2024, Walt Disney holds the top two grossing movies: Inside Out 2 and Deadpool & Wolverine (source: The Numbers).

Definitions

*Real Median Gross Cost of Renting – The monthly rent plus the average monthly cost of utilities and fuels, adjusted for inflation.

Definitions and Indexes

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