

FARMERS TRUST COMPANY NEWSLETTERS



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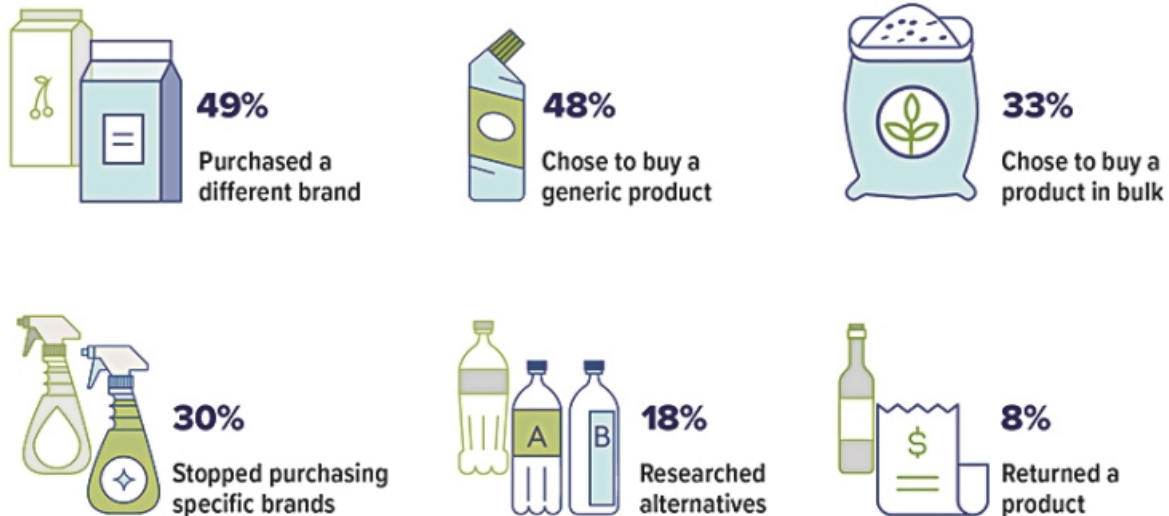


Monthly newsletter created for the valued clients of Farmers Trust Company.
Be sure to read John's article, "Stocks Start Strong in 2023" below.

Honey, They Shrunk the Groceries

Have you noticed that packages are smaller at the grocery store? If so, you're not alone. A majority of U.S. adults have noticed shrinkflation — products shrinking in size while prices stay the same or increase. And about two out of three are very or somewhat concerned about the trend.

Consumers were most likely to say they noticed shrinkflation with snack items, followed by pantry items and frozen food. Shoppers also noticed it with meat, bread, beverages, dairy, produce, and other items. Here's what consumers did when they noticed shrinkflation.



Source: Morning Consult, August 29, 2022 (multiple responses allowed)

Stocks Start Strong in 2023

After a strong January, stocks have continued their run into February with a double-dose of soothing commentary from Fed Chairman Jerome Powell. At the beginning of this month the Federal Reserve Bank raised the Fed Funds rate by a quarter of one percent as was widely expected. During the post-meeting press conference stocks surged after Powell talked a lot less tough regarding future monetary policy than he has been doing over the past year. Then, last week, Powell had a chance to push back against buoyant markets at a widely publicized interview at the Economic Club of Washington DC. Once again, Powell played the role of stock whisperer – sending the S&P 500 index up more than 1% and the Nasdaq up more than 2% during the trading session on February 7th. Equities have traded sideways since then, but in just the first six weeks of 2023 stocks have already returned more than most Wall Street forecasters predicted they would for the entire year. Our worry is that despite the fact that speculation is alive and well, the underlying fundamentals that will drive stock prices going forward continue to deteriorate. Leading economic indicators have been falling along with corporate earnings estimates. Investors should be careful not to get caught taking on too much risk as emotions create a fear of missing out.

There is a famous quote attributed to Great Depression-era economist John Maynard Keynes – “Markets can remain irrational longer than you can remain solvent.” This is an important idea for investors to ponder. It essentially means that in the short-run (or even the medium-run) markets can basically do anything they want to. Whether you’re following individual stocks or the broader market averages, price moves don’t always have to make sense. In fact, they often do the exact opposite of what “makes sense”. Be careful not to get caught in the trap of thinking that you are right and the market is wrong. The market can remain irrational longer than you can remain solvent. This is why it’s important to follow a disciplined long-term investment plan, and not get sucked into the wild whims of every market move.

It may be surprising to learn that despite all the hand-wringing about inflation the commodity price index is down more than 20% since its peak last June. This index tracks a broad-basket of commodities that includes energy and agricultural products as well as industrial and precious metals. We made the decision to exit our commodity positions early last year, thankfully avoiding the bulk of the price decline since then. We now believe the stage is set for another move higher in commodity price pressures, and will begin dipping our toe back into this asset class in investor portfolios.

Creating Your Own Operation London Bridge

"London Bridge is down." On September 8, 2022, those words were reportedly used to launch what was arguably the most complex end-of-life proceedings the world has ever witnessed: the funeral arrangements for Queen Elizabeth II. The plan, known as Operation London Bridge, laid out in exacting detail how the ensuing days would unfold. Although most families don't need a playbook as intricate as the royals, a comprehensive end-of-life plan can significantly ease the burden on family members during a highly emotional period.

Guidance in a Medical Crisis

What would happen if you became incapacitated and could not make financial or medical decisions for yourself? To help ensure that your affairs continue to be managed by someone you trust and according to your wishes, you might consider creating a durable power of attorney (DPOA) and an advance medical directive.

A DPOA authorizes someone to manage your finances on your behalf, while a medical directive documents your wishes for medical care, such as whether you want extraordinary measures to prolong life if there is no chance of recovery. There are several types of DPOAs and advance medical directives; each has its own purpose, benefits, and drawbacks and may not be effective in some states.

Funeral Instructions

Planning your funeral or similar commemoration can relieve significant stress on your family members. Decisions would typically cover whether you want a burial or cremation, a wake with or without viewing, a religious ceremony or secular event, and could include details such as music, readings, speakers/clergy, flowers, venues, and an obituary. You might discuss thoughts with family members, taking their ideas into consideration. You might also consult a trusted funeral director who can help you navigate the various options, decide whether to prepay for arrangements, and become a valuable resource to your family when the time comes.

Estate Management

The most fundamental components of an estate plan are also among the most important: a will and a letter of instruction.

A will states how you wish to disburse your assets, names an executor to act as your legal representative, provides guidance for the management of your financial affairs, and (if appropriate) identifies who you want to be guardian of your minor children and their assets. A letter of instruction has no legal status but provides vital details that complement your will (see *graphic*).

You might also familiarize yourself with the death-related tax rules at both the federal and state levels. The 2023 federal estate tax exemption is \$12.92 million. Although that sounds like a lot, 17 states impose their own estate and/or inheritance tax — most at much lower thresholds. When you consider that an estate includes the value of your home, insurance policies, retirement plans, and other assets, it may be easier than you'd expect to trigger a taxable situation. (Estate tax is imposed on the estate of the deceased, while an inheritance tax is imposed on the beneficiary.)

Seek Assistance

For more information on how to create your own Operation London Bridge, contact an estate planning attorney. Once your plan is established, store all documents in a safe place and communicate its location to your executor.

What Might a Letter of Instruction Include?



- Funeral instructions or how to find them
- The location of your will and other estate planning documents, as well as other legal documents (e.g., Social Security cards, birth and marriage certificates, titles, deeds)
- Contact information for attorneys and financial professionals
- Financial institution names, account numbers, usernames, passwords, and PINs, with beneficiaries and account balances (as of a given date)
- Bills, credit, and loan account information
- Life insurance policy information, including beneficiaries
- A list of all tangible assets (e.g., jewelry, antiques, art), their location, and related inheritance instructions not included in your will
- Location of keys to safes or safe-deposit boxes
- Social media usernames and passwords
- Care instructions for your pets
- Preferred charities

Random Acts of Financial Kindness

Acts of kindness, even small ones, can have lasting benefits. You may not always see the impact of your investment of time or money, but your acts of kindness will ripple through the lives of people you know...or don't know. Here are some ideas for practicing financial kindness.

Pay It Forward...or Backward

- Hand out gift cards in small denominations. Add in an extra one with a note asking that it be paid forward to someone else.
- Ask the manager of your local grocery store if you can buy pizza to thank employees for their hard work.
- Give a generous tip along with an encouraging note.
- Pay for the lunch of someone behind you in line.
- Buy extra groceries to donate to the food pantry the next time you shop.
- Recognize someone else's kind act with a note of thanks, public recognition, or a small gift.



*Each year, celebrate
Random Acts of Kindness Day
on February 17 and World
Kindness Day on November 13.*

Share Your Time and Talents

- Hire an intern or volunteer to mentor someone.
- Share what you've learned about finances with someone who could benefit from your expertise.
- Write a job recommendation.
- Offer your professional services for free.

Help Others Prosper

- Contribute to a scholarship fund in your community to help a student finish school.
- Donate books on finance to your local school or library.
- Support a financial literacy program.
- Help someone save for the future.
- Set up monthly donations to a favorite charity in someone's honor.
- Start a fundraiser for a good cause.

Don't Forget to Be Kind to Yourself

- Attend a financial seminar or webinar to learn how you might improve your financial health.
- Accept help from others and allow them to experience the joy that comes from being kind.
- Save for a rainy day.

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