LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

DOLLAR DOLDRUMS

This past January 13, a week before the Presidential inauguration, the U.S. dollar was riding high. How high? Measured against a basket of other currencies, including the euro and the yen, it stood at 109.96—meaning, among other things that a dollar would buy more than a euro on the world markets—and imported goods and services were proportionately cheaper for U.S. buyers. The previous September, the dollar was basically on a par with the euro, so this was a nice little jump which, among other things, tamed the inflation rate a bit.

Since then, the dollar has sunk to a low of 96.8 in early July before recovering a bit to where it had been last September. You may have read headlines asking why the dollar has experienced its fastest 6-month drop since 1973—which happened to be the year President Nixon took the American currency off of the gold standard. The proposed answers include the uncertainty around tariffs, an out-of-control federal deficit (and dramatic raising of the debt ceiling), unprecedented questions about the independence of the Federal Reserve Board and downgrading of the U.S. credit rating. These factors seem to be outweighing the relative stability the U.S. economy and high U.S. interest rates, which normally lead to a stronger dollar.

The dollar's strength is impacted by international holders of U.S. financial assets, and their leverage is not inconsiderable: $30 trillion worth of U.S. stocks, Treasury bonds and corporate bonds. If those banks and investors start selling off dollar-denominated holdings, then the dollar's value will sink further. That would be good for inflation, and make American-made products a bit cheaper in foreign marketplaces. But a weaker dollar also reflects poorly on The American economy, and potentially points to the day when the world begins to reduce its dependence on the American currency for international transactions.

Sources:

https://www.marketplace.org/story/2025/07/02/why-has-the-dollars-value-declined-by-ten-percent-this-year

https://tradingeconomics.com/united-states/currency

5280 Carroll Canyon Road,
Suite 103, San Diego, CA 92121
p. 619.684.6239

LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

THE FED'S VIEW OF A RESILIENT ECONOMY

The most complete economic report you're likely to get from any source is actually delivered routinely by the Federal Reserve Board when they explain whether they're going to raise or lower the Fed Funds rate or stand pat. The Fed decided not to make any changes this time around, and its economic explanation was mildly negative about America's prospects for the remainder of the year.

For example? In the last policy report six weeks ago, Fed Chair Jerome Powell told us that the economy "has continued to expand at a solid pace." In this one, he said that "growth of economic activity moderated in the first half of the year." The Dallas branch of the Fed has noted that manufacturing order volume is declining and transportation equipment manufacturers are implementing layoffs. Overall, the Labor Department reported a 3.3% hiring rate in June, below the pre-Covid average of 3.9% and in line with levels generally associated with recessions.

The Central Bank wants to bring the inflation rate down to 2%; with rates at 2.7% the report noted that they could go either way from here, depending on the impact of the ever-shifting tariff regime. One worrisome sign is that even with moderate rates near the Fed target, personal consumption—which makes up about two-thirds of the U.S. economy, came in at the worst six-month stretch for spending since the last half of 2022.

There's always a temptation to respond to the shadow of a recession, both for investors and policymakers. But the Fed's action is a good example of prudence in the face of uncertainty. For the Fed Chairperson, fine-tuning the economy requires him to see a clear trend that requires it. For corporations, maintaining profitability requires constant adjustment to new markets, new government initiatives, new realities—and there is evidence that they're managing quite well under the circumstances. So far this year, about 83% of the companies that have reported their earnings have exceeded analysts' profit estimates—the highest share of 'beats' since the second quarter of 2021.

For investors, the best course has been to ride out the economic turbulence, trusting that the companies they're invested in are each, in their own way, making adjustments to our ever-shifting economy—for their benefit and ours. As the market hits new highs seemingly every week, we are reminded of this resilience; like the Fed, Corporate America seems to know what it's doing.

Sources:

https://www.advisorperspectives.com/articles/2025/07/31/dovish-fed-nothing-cheer

https://www.advisorperspectives.com/articles/2025/07/25/s-p-500s-profit-engine-powering-stocks-rally

5280 Carroll Canyon Road,
Suite 103, San Diego, CA 92121
p. 619.684.6239

LIVING LEGACY
FINANCIAL & INSURANCE SERVICES

Live for Today and Plan for Tomorrow

WORST, AND BEST, HOME IMPROVEMENT 'INVESTMENTS'

You have a little extra cash and you want to improve the look or livability of your home. How do you evaluate your options?

One way to prioritize home improvements is to eliminate the types of projects that are least likely to get you a return on your investment, in the form of a more valuable home if/when you decide to sell. Recently, the website 'garage living' offered its take on the lowest remodeling ROIs, based on two factors: whether the renovation appeals to a broad range of buyers, and the cost of the upgrade.

First on the list is a sunroom, where homeowners can accommodate their hobby of growing plants. The website offers expert estimates that you are likely recoup somewhere between 45% and 50% of the cost when it comes time to sell your home. Sunrooms are expensive to build and maintain, particularly those which feature floor-to-ceiling windows. And many potential buyers have no interest in having a sunroom in their new home.

Second the list is a swimming pool—which can cost anywhere from $15,000 to $60,000 to install. The return on investment here is less than 25%, lower if you happen to live in a northern climate where pool use is limited to just a couple of months. If you want to save money by installing an above-ground pool, realtors say that this could actually decrease your home's market value.

Third? Adding a bathroom (50-60% recouped costs) in part because it requires expensive plumbing and electrical work. Fourth? Converting your garage into a living space. Many buyers believe having a garage is extremely or very important for the parking and extra storage space. Estimate that you'll only recover 60% of what you spend.

Finally, realtors say that a home theatre offers very niche appeal to prospective homebuyers, and chances are you will recoup 25-35% of your investment at sale.

What are some of the best investments? The Buzzfeed website says that improving the windows improves noise and temperature control, and adds curb appeal. Adding a hot tub, particularly in homes located in colder climates, can improve a home's value, and if you put in a backyard barbecue with a countertop and mini fridge, it creates what feels like an additional room for entertaining. Finally, new faucets, toilets and a recirculating hot water pump for the bathroom save money and create an impressive appearance to prospective home buyers.

Sources:

https://www.garageliving.com/blog/worst-home-renovation-projects

https://www.buzzfeed.com/dannicaramirez/best-worst-home-renovation-projects

MEET OUR TEAM

www.LivingLegacyLLC.com | 619.684.6239

5280 Carroll Canyon Road,
Suite 103, San Diego, CA 92121
p. 619.684.6239