

## ATASCOSA COUNTY JUDGES REPORT

I hope everyone had a lovely holiday with lots of thanksgiving. I also pray that all my readers have a safe December and a wonderful Christmas season. As I write this column, I have 33 days remaining as your county judge.

I want to comment on the economy further as related to past comments. I have long expressed the opinion that for the Federal Reserve System (FED) to hold down its rate to 0% artificially has been a colossal mistake for the economy. Banks set their rates heavily based on the FED rate, and we have seen artificially low rates since President George W. Bush pushed the lowering to jumpstart the economy when he came into office. I don't object, but the FED not restoring the rates since 2000 has damaged our capitalist economy. This artificial lowering caused poor earnings on any money anyone had in savings. This discourages saving and reduces banking liquidity (which reduces funds available for loans).

I predicted fuel costs would come down. They have. A co-worker asked me why fuel at the pump went down when the crude price was not. My answer is that what we experienced was a reaction to the jump in oil prices when the Ukraine war started. All of the refineries (and purveyors) of fuel to the public raised their prices to cover themselves with the incoming cost of refinable crude. This overestimation of the fuel price is now being settled out by supply and demand (because of crude price stabilization). Therefore we see the price dropping for now.

The artificially low-interest price has amplified an already strong real estate market and driven prices up. Now that mortgage rates are up around 6%, we are seeing a slowdown in home sales and prices. I do not have an opinion that can qualify as good news on the further inflation-lowering prospects. As competitive pressures increase, we will continue to see many retail establishments reduce pricing. However, the many national wage increases will remain in effect, and we will continue to see the reduced prices sustained next year in the new economy as a basis. Inflation rates should be back close to typical next year, therefore. Most respected economists indicate that inflation rates are best in the 1-3% range. Those same economists will tell you that deflation is an awful thing for the nation as a whole. However, I will maintain that all possible reductions before January 1, 2023, are good.

I once had a home where the interest rate for the mortgage was 13%. So, I believe the housing market will rebound with the current rate structure after some adjustments. I also think we will see rent prices come back down. How much, I do not know, but some reduction will happen.

I will send in my last column as your County Judge in mid-December.

Thanks for listening. May God bless us all.