



BRUCE T. BROWN



**BROWN & ASSOCIATES  
INVESTMENT SERVICES, INC.**



KAREN BROWN TISDALE

1005 Hay Street • Suite 100  
Fayetteville • North Carolina 28305  
(910) 485-2672 • [www.browncandassociatesis.com](http://www.browncandassociatesis.com)

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# Financial News

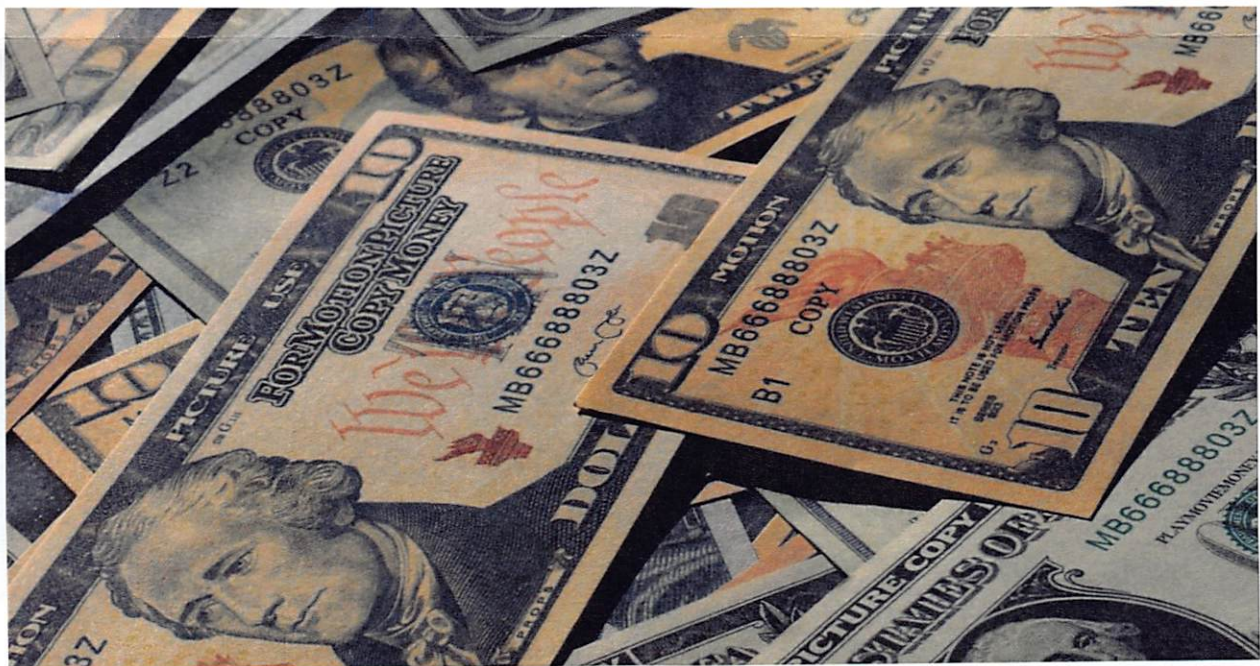
1ST QUARTER 2026

## Five Questions Shaping Expectations for the U.S. Economy In 2026

As the U.S. enters 2026, economists are watching several key factors that may influence the economic landscape in the year ahead. While growth held up better than expected in 2025, many households continue to feel pressure from elevated costs.

Among the biggest questions are whether inflation will continue to cool, how the Federal Reserve may respond to changes in employment, and whether housing affordability will improve gradually over time. Experts are also monitoring how the adoption of artificial intelligence could affect job growth and productivity, as well as whether stock market gains can be broadened beyond a small group of leading companies.

Taken together, these factors suggest a year shaped less by dramatic shifts and more by gradual adjustment, as businesses and consumers respond to evolving economic conditions.

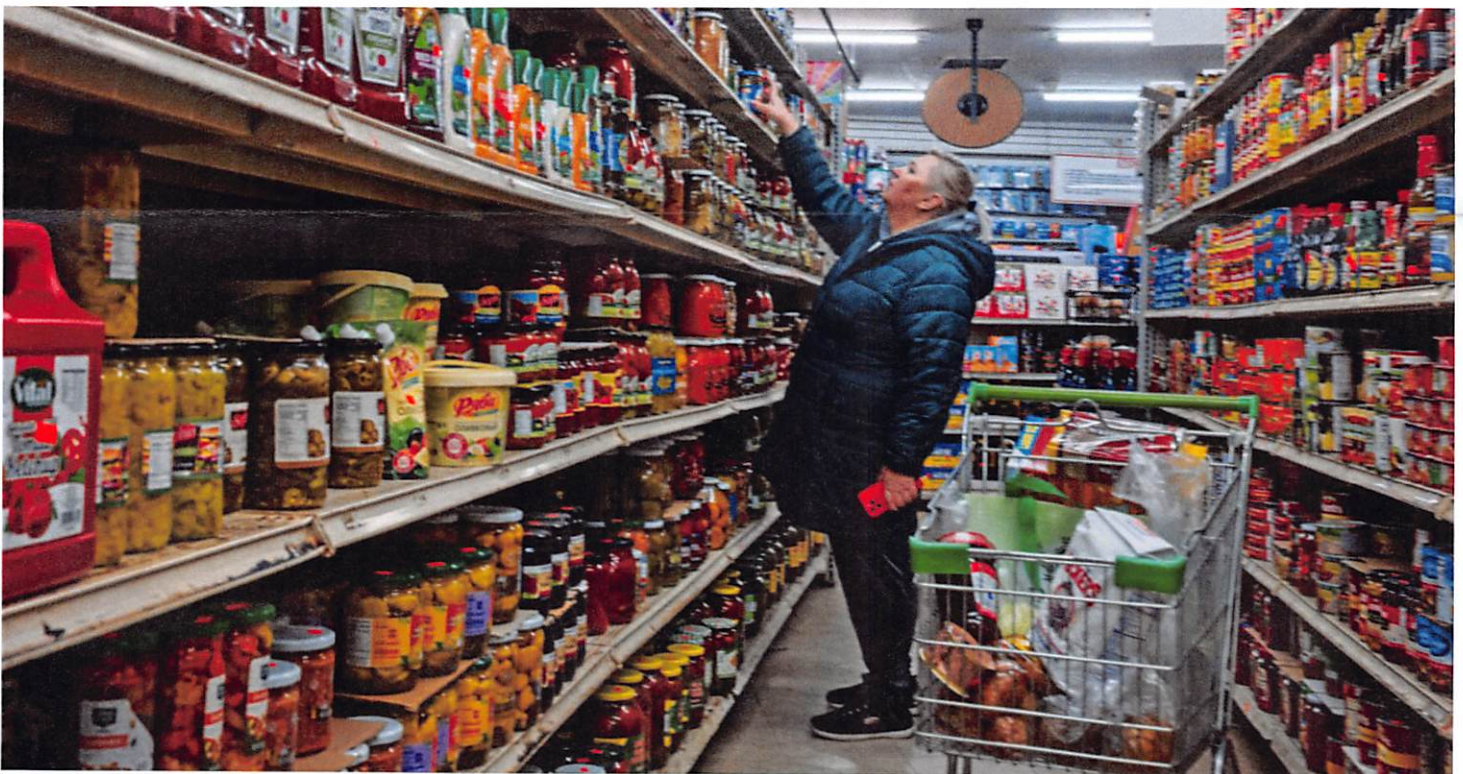


## *Rising Prices Are Squeezing Companies, Not Just Consumers*

Higher everyday costs aren't just showing up at the checkout counter — businesses are feeling the strain as well. Recent data shows that companies are facing increased expenses, particularly in service-related areas such as transportation, trade, and labor. While some goods costs remained steady late last year, rising service-related expenses have added pressure to business operations. Several trends stood out in the latest figures:

- Service-related expenses climbed at a faster pace than goods
- Trade and wholesale margins contributed meaningfully to higher costs
- Businesses appear to be absorbing some increases while passing along others

When companies face sustained cost pressures, it can influence pricing decisions, hiring activity, and longer-term investment choices — making business cost trends an important piece of the broader economic picture.



## ***Mortgage Refinancing Surges As Interest Rates Move Higher***

Mortgage refinancing activity jumped again last week, marking the second straight surge as borrowers responded to a brief dip in interest rates. Applications to refinance rose sharply compared with both the prior week and the same period last year. That momentum may be short-lived. Mortgage rates have since moved higher, driven in part by bond market volatility and renewed geopolitical tensions, raising questions about how long refinancing demand can hold. Recent dynamics in the market include:

- A spike in refinance applications following modest rate declines
- Increased sensitivity to rate movements after a prolonged period of higher borrowing costs
- Continued affordability challenges for homebuyers despite more inventory coming to market

The latest data highlights how quickly mortgage activity can shift as interest rates and broader market conditions evolve.



## **How A USPS Postmark Change Could Affect Mail Deadlines**

As tax season gets underway, the U.S. Postal Service has updated how postmarks are applied — and that change could matter for time-sensitive mail. Under the revised process, some mail pieces may receive a postmark based on when they're processed by USPS, rather than the date they're dropped off or collected. For documents where the postmark date determines whether something was submitted on time, this distinction can be important. That includes items such as:

- Tax returns and supporting documents
  - Estimated tax payments
  - Requests for extensions
  - Other official forms or correspondence tied to filing deadlines
- With this change in mind, allow extra mailing time. You may want to confirm which electronic or in-person submission options will help reduce last-minute issues during a busy filing season.

## KAREN'S & BRUCE'S NOTES

We hope this newsletter finds you well as 2026 is well under way. We are sending this quarterly update to provide our continued perspective on the stock market and economic situation. The Dow Jones Industrial Average (DJIA) hit an all-time high on February 10, 2026, closing at 50,188.14. The Federal Reserve Board met in January and kept interest rates steady; their next meeting is in March with policy decision to be announced on March 18. With Trump's nomination of Kevin Warsh to replace Jerome Powell as the Fed Chair, uncertainty remains with the future of inflation and interest rate cuts. Unemployment rates remain low (approximately 4.4%), but job growth is slowing indicating a more cautious hiring environment. There was high consumer spending during the holidays, but consumer confidence seems to be declining, and Core PCE inflation is expected to see a rise in 2026. There are a lot of variables that affect the markets and economic environment. However, as stated in previous newsletters, a Republican controlled House and Senate (which we now have) tends to be pro-business and tends to be good for the markets. The bottom line is that 2025 was a good year, and we are hopeful for 2026.

As always, we thank you for your continued trust and confidence and encourage you to call or email us with any concerns or questions. We send you our sincere best wishes and appreciate you allowing us the opportunity of being part of your family

*Karen*

*Bruce*

### Resources:

<https://www.aarp.org/government-elections/usps-postmark-changes/>

<https://www.cnbc.com/2026/01/21/mortgage-refinances-surged-again-but-rates-are-now-suddenly-jumping-higher.html>

<https://www.cbsnews.com/news/economy-2026-outlook-affordability-rates-jobs-markets/>