

January 20, 2023

Good Morning,

While bonds remained well behaved, stocks continue their volatile ways. Corporate earnings for Q4 are rolling in and results have been mixed. We'll learn more over the course of the next couple of weeks as additional corporations report results. Markets remain fixated on the Fed as they prepare for their next meeting and interest rate announcement on February 1<sup>st</sup>.

With inflation coming under control, the US dollar has weakened vs other global currencies. The weaker dollar should provide a lift to earnings of multi-nationals as their goods become more competitive and affordable in foreign markets. They will also get a boost when the foreign currency is converted back to US dollars, as it will buy more dollars – adding to the bottom line. Conversely, imports will be more expensive, and your dollar won't go as far when you travel abroad.

The US debt limit is being used as a political football once again. Lawmakers continue to spend much more than the country brings in, and then argue about paying the bills already owed. The government will continue to borrow money to cover the shortages, but the cost of money has gone up with rising interest rates. The threat of defaulting on debt payments would make that cost go even higher. Interest expenses as a portion of the annual budget will likely double over the next several years. US debt as a percentage of GDP is the highest it's been since WWII.

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[http://www.commonwealth.com/RepSiteContent/weekly\\_comm/commentary\\_redirect.htm](http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm)

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

As you know, I'm a big Cincinnati fan - but Reds, not Bengals. Go Bills! Enjoy your week,

*Wade*

Wade A. Sarkis, CFP®, AIF®  
Managing Partner  
Canandaigua Financial Group  
45 Ontario Street  
Canandaigua, NY 14424  
(585) 396-2720

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