

October 5, 2023

Good Afternoon,

Yields on the 10-Year US Treasury bond touched their highest levels since 2007. Oversupply (by massive US government borrowing) along with better-than-expected employment data have pushed down prices and driven up yields. Stocks don't like the rising rates and have subsequently continued to sell off. Unfortunately, that means both stock and bond prices have declined over the past several weeks. What will it take to reverse this trend? Some bad news.

We are in a period when good economic news is bad for stocks and bonds. I heard one analyst say that the stock market won't rally until we see weaker economic conditions. That statement refers to Federal Reserve monetary policy. We won't see the Fed lower interest rates until the economy shows signs of trouble. By the time we learn the economy has slowed, we may already be in recession. But should we enter a recession, the Fed will be in position to lower rates – unlike most of the past 15 years when rates were near zero. So, there is a silver lining. The big October jobs data is released tomorrow morning. Let's hope for some bad, I mean good news.

Apparently, the Cincinnati Reds don't like rising rates either. They fizzled down the stretch to end the season 2 wins out of the playoffs. Now you'll have to go six months with no Reds news, which is good news. Let's go Bills!

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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.

Enjoy your week,

*Wade*

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