

November 18, 2022

Good Morning,

While punctuated with several sharp drops, stocks have generally been in rally mode since mid-October. Why? What has changed? The yield on the 10-year Treasury has fallen sharply since mid-October, and we believe the bond market could be telling us something; inflation is moderating, and interest rates have peaked. Stocks like that message, at least for now. We'll need another month or two to confirm the trend, and we'll see if the Federal Reserve interprets the data such that they slow the pace at which they plan to raise the Fed Funds rate. We hope they haven't moved too quickly, and that the economy isn't headed toward a rocky shore.

Like a giant freight ship, it takes time to turn the economy in the opposite direction. That's what the Fed is trying to do – without oversteering and sending the boat too far off course. Some market watchers feel that inflation has already begun to turn down sharply and that we are seeing signs the consumer is pulling back. Investors are certainly feeling less wealthy due to sharp drops in both stock and bond markets. Borrowing is more expensive with higher interest rates, and housing prices are softening for the first time in years. As the economy cools and inflation begins to come down, the next worry is economic recession. When does the Fed stop turning the boat?

Next week is Thanksgiving (already!) and many of you will be hosting family and friends – which can be both rewarding and tiring. Remember that hospitality is the art of making guests feel like there at home when you wish they were. Have a great week and seriously, Go Bills!

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

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.

Have a great week and seriously, Go Bills!

Wade

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