

December 14, 2023

Good Afternoon,

From an investment perspective, this has been the Year of The Fed. While its aggressive interest rate moves earlier this year created angst for markets, yesterday's comments by Fed Chair Powell indicated a clear change in messaging, possibly signaling the US economy has achieved a soft landing. That means the Fed may have successfully brought inflation under control without sending the economy into recession. Although it may be too early to declare victory, Powell certainly gave the impression that the hard lifting is over.

In fact, for the first time this year, yesterday's Fed projections for future Fed Fund Rates show possible rate cuts by the end of 2024. The result was a powerful rally for both stock and bond prices with the Dow Jones Industrial Average hitting an all-time and the 10-Year US Treasury Note yield falling back below 4%. The broader S&P 500 Index is nearly back to its all-time high set in late December 2021. The tech-heavy NASDAQ Composite Index still has a way to go to reach its December 2021 record high. We shall see if the Santa Claus rally continues through December.

I was Christmas shopping at a bookstore yesterday and I asked the clerk where I could find the self-help section. She said, "If I told you, that would defeat the purpose, wouldn't it?" I hope you have better luck with your holiday shopping.

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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!

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