

February 22, 2024

Good Afternoon,

Stocks have bounced around the past two weeks without any real direction – until today. The rally is on as some popular stocks reported strong growth after yesterday's closing bell. The Fed released the minutes from their February meeting which showed what we already knew; inflation is still higher than their desired level and the Fed Funds Rate will remain at its current level for at least a few months. The grandfather of stock indices, the Dow Jones Industrial Average (the Dow), will soon get a facelift as Walgreens gets replaced by Amazon as one of the 30 stocks in the index. It's been almost four years since the last changes to the Dow.

The tech-heavy NASDAQ Index has surged to a new high today after several losing sessions in a row. We note that the index has become very sensitive to the performance of NVIDIA Corp, the poster child of the AI revolution, and demonstrates a phenomenon in which the attention becomes focused on a sliver of the market. Fortunately, the company's results released yesterday still show very rapid growth, because this portion of the market trades at valuations that demand it. And that momentum is lifting most stocks across most sectors.

In one of my first weekly updates, more than ten years ago, I described Vladimir Putin as a thug. Since then, he has invaded Ukraine twice, interfered with two US elections, and at least 8 political opponents, journalists or critics have been shot, poisoned, thrown from a window or had their plane blown out of the sky. Not surprisingly, Putin will run unopposed in next month's Russian election which will extend his reign of terror another six years. Running afoul of the Kremlin is a dangerous game. Putin remains a thug and a clear example of why the US can never afford a dictator as a leader, not even for one day.

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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.

Have a great week,

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