

February 3, 2023

Good Morning,

The Federal Reserve concluded its first meeting of 2023 on Wednesday with a 1/4% increase in the Fed Funds rate – as expected. Fed Chair Powell also recognized that the pace of inflation is slowing, his first public announcement to that effect. Stocks, especially those of the beaten down technology companies, rallied sharply on the news, and interest rates in the Treasury markets fell. Perhaps the Fed has actually engineered a soft landing for the US economy.

This morning, however, the January jobs report was released showing that the US added more than 500,000 employees during the month. This number was much stronger than expected and the stock futures (pre-market open trading) dropped sharply. Another case of good news being bad as the number implies the economy is still very strong and will continue to push inflation upward. Traders refuse to believe we can have declining inflation with low unemployment. But if we can, it may bode very well for the economy and investment markets.

Are you looking for ways to save money in the future? A 2022 survey found that 35% of Americans took part in “Dry January” by cutting alcohol from their diets during the month. With the average American now spending roughly \$870 per year on alcohol, cutting booze for a month (provided you make it the entire month) could pay for about 22 gallons of gas, 16 gallons of milk, or 4.5 months of Netflix. If your January was damp, like ours, you may not care so much about the milk.

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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,

Wade

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