February 9, 2023

Good Afternoon,

Volatility is back. The last several weeks have seen large daily swings in stock prices. The good news is that the up days have occurred more frequently than the down days. The result is a good start to 2023 for investors. Despite what many of the big-name analysts are saying in the media, stock indices are holding their values through the Q4 earnings season reports. The concern remains over the extent to which the Fed will raise the Fed Funds rate to curb inflation. This is where Fed prognosticators and markets diverge.

In his post-meeting press conference on 2/1/23, Fed Chair Jerome Powell said policymakers expect a “couple more” rate hikes this year, but financial markets aren’t buying it. Based on prices in the federal funds futures markets, the market is expecting the mid-point of the federal funds target rate to peak in mid-June 2023 at 4.88%, or just 25 basis points above current levels. The bond market was an accurate gauge last year when Treasury rates rose quickly before the Fed had made any changes. Now it is telling us the Fed is nearly done. We shall see.

I know this is some tedious material and the explanations can seem overly complicated – and boring. Like you, I hate it when people use big words just to make themselves sound perspicacious. I prefer to be considered sagacious.

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.

Enjoy your Super Bowl weekend!

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720