

May 17, 2023

Good Afternoon,

Stocks remain choppy as Q1 corporate earnings continue to roll in and Washington plays ‘chicken’ with the debt ceiling. We expect the brinksmanship to continue over the next few weeks until some compromise is reached. It’s a dangerous power game with very serious consequences should the parties lead us into default. That just can’t happen – and it won’t.

Last week I attended a conference held by our partner, Commonwealth, in Colorado. One session was dedicated to economic and market conditions with two experts from well-known investment companies. They noted that inflation remains “sticky”, and the Fed will need to keep rates higher for longer. The market, however, is pricing in rate cuts the experts don’t foresee. They feel a recession is likely, but it will be shallow due to the strong labor markets. They say US stocks are expensive and that there is more downside risk over the next 6-12 months than upside. European stocks are trading at a significant discount compared to the US. While they were clear that 2023 is nothing like 2008, they weren’t very optimistic for the rest of this year. I always take expert opinions with a grain of salt and remember a favorite quote from John Kenneth Galbraith; “The function of economic forecasting is to make astrology look respectable.”

In case you haven’t been paying attention, the second of the four men’s professional golf majors will start tomorrow with the PGA Championship at Oak Hill in Pittsford, NY. Oak Hill is the only club in the US to host all six of the men’s majors that aren’t played at a permanent venue (US Amateur, US Open, US Senior Open, PGA Championship, Senior PGA Championship and Ryder Cup). We golf fans are lucky to have a world-renowned venue in our backyard. If you watch it on TV Saturday, you may see a familiar face in the crowd – mine. 😊

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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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