

May 5, 2023

Good Afternoon,

Another volatile week is closing out for stocks. Markets fell sharply earlier in the week and Fed Chair Powell's remarks Wednesday afternoon did not sooth investors. Economic data show inflation is falling while employment in the US remains robust. More regional banks are under pressure with worries they are insolvent. And corporate earnings continue to come in with most companies exceeding their previously lowered estimates. Stocks are rallying sharply today.

The Fed met this week and increased the Fed Funds Rate another  $\frac{1}{4}\%$ , as expected. They note that inflation is persistent, and they will maintain higher rates while likely pausing before further action. Chair Powell ruled out any chance of rate cuts anytime soon. Today's April jobs report was solid while the March numbers were adjusted downward. Employment remains strong and may signal we can avoid recession despite slowing economic growth.

Banking concerns are still rattling financial stocks and several banks appear to be teetering on insolvency. This is not a widespread crisis, but it does ruffle feathers and has sent bank share prices sharply lower. The Fed and Treasury Department have already shown that depositors have nothing to fear, but some bank shareholders could be in trouble. Just like Reds fans.

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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 weekend!

*Wade*

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