

July 19, 2023

Good Afternoon,

Markets have regained momentum and the summer rally marches on. Despite expert projections of a recession this year, it appears the economy is doing just fine. We are beginning to see significant year-over-year declines in inflation, and after a brief upturn, interest rates are headed back down. Consumer demand and economic output remain solid. Could this be the “soft landing” investors were dreaming about? So far, so good, and we will get a better read as we get deeper into Q2 corporate earnings season. Declining inflation and interest rates coupled with strong earnings provide more room for markets to run. Conversely, if earnings are weaker, we could see the rally fade fast.

It’s important to note that stock valuations are extended from an historic perspective. While we welcome this year’s strong stock rally, we feel that market optimism should be tempered by a degree of caution. Cautious does not mean bearish and there are investment opportunities across various asset classes. For those wishing to invest larger sums into stocks right now, a dollar-cost-averaging strategy would make good sense.

According to the American Farm Bureau Federation, the cost of a July 4th cookout fell 3% this year compared to the record high made last year. Meat-eaters saw chicken and pork prices fall the most, while sweet-toothed foodies saw additional relief from 10%+ price drops for chocolate chip cookies and lemonade. Overall, the cost to feed a party of 10 came in at \$67.73 this year. No word on what this party of 10 had to drink, if anybody fell in the pool, or if that nutty uncle burned his hand on a sparkler, again.

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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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