

July 27, 2023

Good Afternoon,

The Federal Reserve concluded its July 2-day meeting yesterday with an interest rate hike of $\frac{1}{4}$ of a percent. While there has been significant progress made towards lowering inflation to the Fed's target of 2%, it remains sticky, and the Fed is committed to their goal. Some analysts are getting concerned the Fed will raise rates too far, and perhaps already have. They argue that it takes months for the hikes to have an impact and the economy is still slowing from those earlier in the year. The Fed doesn't meet again until September and there will be plenty of economic data between now and then for them to consider.

The Dow Jones Industrial Average has gone up 13 days in a row. This is the longest streak of winning days since 1987. (A 14th day in row would match the record set in 1897!) Stocks in general are overdue for a breather and we are likely to see a pullback in coming sessions. Even with the streak and the Dow closing at 35,520 on Wednesday, it still has a way to go to get to its all-time high of 36,952 back in early January 2022. Remember that the Dow represents only 30 companies across a range of industries. A handful of stocks doing well on the same day can boost the Dow on an otherwise down day.

I recently finished a book titled *Why Dinosaurs Matter*. It is an interesting exploration of how the discovery of dinosaur bones led to the field of paleontology and the concept of "deep time", or the true age of Earth, and the eventual understanding of evolution. Dinosaurs roamed the Earth for over 165 million years, compared to the mere 200,000 years of human existence. Their fate was sealed by an asteroid that they did not see coming and could not stop. The author poignantly illustrates that humankind can stave off our own extinction if we can just learn the lessons of the past. Looking around the world at current man-made troubles, we seem to be fixated on creating more asteroids than solutions.

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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 Cretaceous weekend!

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