

August 10, 2023

Good Afternoon,

The summer stock rally has paused, and major market indices have dropped 3-5% since recent highs a few weeks ago. And despite disinflationary trends in the US economy, interest rates surged last week with the yields on both the 10- and 30-Year US Treasuries rising to their highest levels of the year on Thursday (8/3). Rising rates push bond prices lower, and last week delivered the largest price decline of 2023. This movement came on the heels of the downgrade of the US credit rating and some analysts' warnings about the health of several mid-sized US banks. We are likely in for some bumpy markets over the next several weeks. Not all prices are trending lower. In the four weeks following July 4th, the national average price of a gallon of gas increased by 8%. The price of crude oil has risen 21% since June 19<sup>th</sup> as demand for oil-based products is rising faster than production. OPEC and Russia pledged in April to slash output after the sharp drop in oil prices (38%) since their peak last year. The expected global recession has not materialized and expanding global economies drive up demand.

Whether or not you believe burning fossil fuels has contributed to climate change, it is clear the globe is getting hotter and more severe weather patterns are emerging. A large section of the US (and many other countries) has been suffering relentless heat for several months. Droughts, fires, and extreme storms are now commonplace. There is a long list of concerns regarding the potential environmental, economic, and social impacts of climate change. Meteorologists may eventually refer to 2023 as the "good old cool days."

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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 cool weekend,

*Wade*

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

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