

# THE MARKET MEMO

## DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

In April, the S&P 500 experienced its first 5% pullback since October 2023. This wasn't surprising since the market had advanced over 25% from then and investors were brimming with optimism about future stock market gains. With bullish sentiment tempered, attention should focus on earnings results to assert the market's upward momentum.

Raymond James Chief Investment Officer Larry Adam is constructive on the market, saying: "While scope of scenarios for Federal Reserve (Fed) rate cuts has contracted, accelerating earnings and a still healthy economy should support the market going forward."

Most sectors were down for the month with energy outperforming because of increases in oil prices related to unrest in the Middle East and with utilities outperforming thanks to their defensive characteristics. Technology underperformed the S&P 500. However, the earnings outlook for technology companies remains positive. The worst performer was real estate, no surprise since it's the most interest rate-sensitive sector.

Bond yields rose to year-to-date highs as expectations for Fed rate cuts have been delayed due to persistent inflation and stronger-than-expected growth. And on the international front, central banks in Europe and the U.K. are looking more likely to cut interest rates if their rising unemployment remains under control, thanks in part to their lower Consumer Price Index, which doesn't factor in housing costs as heavily as the U.S.

With uncertainty regarding inflation, the Fed and international conflicts, there are significant risk factors at play. However, statistics seem to point toward a positive upswing in the markets over the course of the next 12 months. And despite the first 5% pullback in the S&P 500 in six months, our outlook continues to be positive in the long term.

We're glad to be able to bring you these updates and hope you find them helpful. Your financial goals are always top of mind, so please don't hesitate to reach out regarding any questions or concerns you may have.

Sincerely,

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