

THE MARKET MEMO

DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

The Federal Reserve's resolve, the end of a rally, trouble overseas and a strong jobs growth report were some of the ingredients of August's strange brew of market news and events.

We entered August in the midst of an upswing for stocks that had provided consistent, broad gains since mid-June, likely bolstered in part on the belief that the Fed would cease its interest rate raising plan. The momentum faded mid-August. Then Federal Reserve Chairman Jerome Powell deflated the optimistic speculation. His blunter than usual statement may have added to volatility we saw at the end of the month, leading us to end the month with the mainline indices down.

To mix the signals further, the July jobs report indicated a surprising 528,000 non-farm hires – a number counter to expectations as the Fed tightens the money supply. We also saw second quarter gross domestic product estimates revised – still showing the economy shrank, but to a lesser degree than earlier reports.

Despite the drama at home, the larger global economic news is happening elsewhere, where the outlook is less mixed than in the U.S. Energy crises in Europe, the U.K. and China continue to hamper those economies, with drought and low water levels further complicating electricity supply in Europe. Europe and the U.K. remain on the brink of recession as their central banks try to rein in high inflation by raising key interest rates – which often produces economic slowing.

The bottom line

We live in interesting times and volatility remains a constant companion. On the other hand, all the bad news may be already priced into the market, providing a reasonable belief that valuation throughout the stock market represents a stable floor. The underlying strength and participation in the recent rally bode well for this assessment.

While the worst of this bear market may be behind us, don't expect unbridled enthusiasm to follow. Expect setbacks and normal back-and-forth trading ahead, as investors gain more clarity on the path of inflation within the Fed's tightening program.

We remain thankful for your continuing trust as we help you navigate this era of uncertainty. If you have any questions about this letter, your accounts or anything at all, please reach out at your earliest convenience.

Sincerely,

CHRISTOPHER BEAVERS, CRPC®, CPFA

Managing Director
Branch Manager
Senior Vice President, Wealth Management

6060 Bryant Irvin Rd
Fort Worth, TX 76132



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