

THE MARKET MEMO



DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

Equity investors didn't mind the extra day this February as both domestic large-cap stocks and small-to-mid-cap stocks saw steady gains through the month, bringing both groups into positive territory year-to-date, though the latter continues to lag.

The growth in large company stocks has been driven primarily by enthusiasm for artificial intelligence (AI).

"In the technology sector, the move has been an earnings-driven story, with the sector benefiting from the AI revolution. While some consolidation is likely after the recent run-up in stock prices, we remain favorable on the sector," said Raymond James Chief Investment Officer Larry Adam.

Fixed income investors saw less reason to celebrate the 29-day February, however, as bonds cooled after January's inflation report – it ticked upward – and persistently strong economic data. There now seems to be a broader realization that the Federal Reserve (Fed) is likely to hold interest rates steady for longer than many had expected.

A strong economy continues to support the Fed's position. The unemployment rate has remained at or below four percent for 26 consecutive months – a record last seen in the late 1960s. And consumers at the high and low end of the income spectrum are still spending.

The Leading Economic Index was weaker than expected in January, but no longer indicates a recession according to the Conference Board, the group that publishes the report. The body expects the economy to remain relatively flat during the second and third quarter of the year.

Refuting seasonality, which has February as the third-weakest month of the year, the stock market continues to hold strong, but volatility is to be expected in the months ahead as the Fed's timing remains a dominant theme.

Through all of these events, we will remain committed to the pursuit of your financial goals and your well-being. Thank you for your continued trust in our guidance. If you have any questions regarding this recap – or any other topic – please reach out at your earliest convenience.

Sincerely,

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