

THE MARKET MEMO

DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

November gave investors reason to be thankful, including a bucket of good-enough economic news that spurred a second consecutive month the S&P 500 closed higher than it opened.

Better-than-expected inflationary reports and a signal from the Federal Reserve (the Fed) that its interest rate hikes may slow as soon as December – even as they continue – likely played a role. A typical end-of-year seasonal rally and the conclusion of midterm elections may have also done their parts to push us forward.

Other contributing events:

- U.S.-China relations eased somewhat as President Biden and Chinese President Xi Jinping met at the G-20 Summit. Competition without conflict is the goal of the relationship, Biden said.
- Stock buybacks exceeded the single-year record and dividends are similarly on pace to break the record by the end of the year.
- Europe's mild weather has been a welcome reprieve in light of Russia's goal to use heating fuels for geopolitical leverage this winter.
- The labor market remains strong and unemployment rates low despite high-profile layoffs at major tech firms.
- Briefly, oil prices fell in November to below the price at which they started the year.

Still, the housing market is starting to reflect the effects of higher financing costs with lower demand and it's wise not to underestimate the impact of a weak housing market across the economy. Expect this weakening trend to continue as the Fed increases interest rates over the next few months.

The bottom line

While better inflation data and the Fed's softening language are encouraging, one should expect more challenges ahead, especially as the lagging, cumulative effect of higher interest rates catches up.

It's too early to say whether we've seen the worst of the bear market, but evidence gives reason to look toward 2023 with some cautious optimism.

In the meantime, We will continue to work in your best interests as we pursue your investment goals. Thank you for your continued trust in our work. If you have any questions about your account, the market or this update, please reach out at your earlier convenience.

Sincerely,

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