

THE MARKET MEMO

DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

Despite the Federal Reserve's higher-for-longer interest rate strategy and persistently high inflation, strong corporate earnings helped push October to become the best month of the year for equity investors. In the end, the S&P 500 ended the month up 7.99%.

Large and small companies reaped the largest share of these gains as each of the 11 market sectors ended the month higher. And to put a feather in the economy's cap, the U.S. Department of Commerce announced that after two quarters of decline in the gross domestic product, the third quarter – which ended September 30 – produced a positive 2.6% annualized rate of growth.

Also, while slightly less gung-ho than it has been, the domestic labor market continues to barrel forward with employment growth in nearly every sector of the economy. Unemployment is now at its lowest rate, 3.5%, in more than 50 years. Consumer spending is strong.

October wasn't all exuberance, however. Economic indicators continue to suggest the strong possibility of a recession: domestic manufacturing continues to weaken, the housing market is showing strain from higher interest rates, and, despite strong spending, consumer confidence is weakening.

Bottom line: The result may suggest a nearing end to this bear market, but the prudent investor should continue to maintain balance and manage risk against potential downswings as this volatile period continues. Inflation, interest rates, global political disruption and all the factors that suggest a coming recession remain strong reasons for caution.

We are proud to continue to serve your financial goals and thankful for your continuing trust. If you would like to discuss this monthly report or any aspect of your investments or financial plan, please reach out at your earliest convenience.

Sincerely,

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