

THE MARKET MEMO



DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

Throughout the run of the Federal Reserve's (Fed) inflation-fighting, rate-raising program, the equity market has shown uncommon enthusiasm supported by a growing economy, a strong labor market, and healthy consumer spending. Contrary to the expected way of these things, inflation continued to cool even as the economy and the markets remained hot.

September may have been a turning point, leading us toward an economic slowdown.

Inflation remains persistently higher than the Fed's 2% target. While the Fed declined to raise interest rates at its September meeting, it left the door open for another increase by the end of the year.

A potential government shutdown, softer consumer confidence, a slowdown in home sales and home starts, higher oil prices, persistent inflation, and the Fed's message that the Fed fund's rate will be higher for longer combined to bring the S&P 500 down 4.87% for the month.

Overall, September saw hopes for a "soft landing" – a corrective to inflation without a recessionary side effect, pulling air out of the equity market. Though the economy and labor market remained strong in the third quarter, data continues to suggest a mild recession in the first half of 2024.

We expect volatile conditions to continue into the fourth quarter, but our overall outlook remains positive. As long-term investors, down markets present us with opportunities to acquire high-quality assets.

We are honored to have earned your trust as we pursue your financial goals together. If you have any questions about your portfolio or financial plan and wish to discuss the movement of the market, please reach out at your earliest convenience.

Sincerely,

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