

Quarterly Newsletter: *Quarter ending Mar. 2023*

## MARKET SUMMARY

The S&P 500 was up 7.0%. Technology and consumer discretionary lead the advance. A welcomed, but puzzling performance given the backdrop of elevated inflation, higher interest rates, regional bank stress, and a slowing economy overall. Even U.S. Treasury bonds, considered one of the safest investments, experienced extreme volatility not seen in decades. The FED increased interest rates, but by only 0.25%, due to the failure of Silicon Valley Bank and a few others. Another quarter-to-half-point increase is forecasted this year then a pause should follow before lowering rates. The FED does not anticipate rate cuts in 2023. However, the stock market's current value speculates otherwise. Recent job hirings and a drop in the unemployment rate argue for at least one more rate hike to further bring down inflation.

Expect the Consumer Price Index reading, and corporate earnings (starting with the big banks) this week. Some assets allocated to cash seem counterproductive with inflation unmanaged. However, in the near term, this continues to be a constructive and preferred space. The economy is expected to move into a recession- we just aren't there yet. A conservative tilt remains appropriate. This is supported by sentiment among many money managers across the spectrum. There's a historical correlation between stock market performance and corporate profits. Note: this is not detailed in general financial media commentary. When profits fall, markets fall. The potential for weaker profits in the near term should not be taken lightly. Any shift could be swift and furious. I don't want to be a downer, but my hope is to keep things in perspective so that we aren't caught off guard.

## TAX DEADLINE: Tuesday, April 18

There's an IRS extension for most California filers due to the winter storms. This also allows for delayed retirement plan contributions (including Roth and traditional IRAs), and some tax payments until October 16. Tax Services are available through LAB Tax Advisors.

## ZOOM SEMINAR: ESTATE PLANNING

Thursday, April 13<sup>th</sup> at 4 PM PST / 7 PM EST

<https://us02web.zoom.us/j/88146276745>

## BUSINESS UPDATE

Out of office April 20 – May 3. Striving to hit my goal of 50 countries by age 50 (January 2024), I'll be traveling to South East Asia [Singapore, Thailand, Vietnam]. I will check and respond to e-mails, but with a delay.

*Thanks for your continued support!*

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