

### **November 3, 2023**

- *Just when you think the world cannot get any weirder, it does. Adding to the craziness on the economic and political fronts, we now are faced with another geopolitical crisis!* Whatever one believes about the affairs of the day, terrorism is not okay. While beyond the scope of a letter like this, let us pray for those affected by the latest episode of global insanity.
- *After a contentious fight over leadership in Congress, a new speaker was selected and just in time because the Continuing Resolution enacted at the end of September expires in about two weeks.* It will be interesting to see if the fiscal conservatives can rein in the out-of-control spending, but I am not exactly holding my breath. The national debt continues to rise.
- *On a positive note, energy prices dropped appreciably in September. It is a seasonal thing, but welcome, nonetheless. I saw gas at a local station selling for \$2.99 the other day. Not great, but it is what it is.* That said, the ongoing crisis in the Middle East lays the groundwork for potential disruption. The energy sector, which had been red hot recently, cooled considerably.
- *We continue to find ourselves in crosscurrents. While employment data and the recent GDP release have contributed to the positives on Wall Street, there remain clouds on the horizon.* Those clouds include the above-mentioned concerns over energy prices (easing for now), a spike in bond yields, and the recent strength in the U.S. dollar.
- *This rally in the dollar poses an interesting contrast. If you are traveling internationally, it is great. But the recent strength of the greenback poses challenges domestically, since corporate profits and margins of multi-national companies get squeezed.* This, in part, accounts for pressure in the large cap space. Looking at the S&P 500 which is representative of the U.S. equity markets boasts just under one-third of its membership in the multi-national space. This no doubt helps explain in part the sell-off in large caps recently.
- *The good news is that the dollar is also pulling back from its recent rally which, along with the energy situation, may ease recent selling pressure in equities. Stocks don't like a strong dollar. I'm keeping a close eye on this moving ahead.* On the interest rate front, the Fed opted to continue to play wait-and-see for now as of the most recent FOMC meeting. But they are definitely "on guard." Now we just need to hope for peace in the Middle East and the nation's capital. Stocks don't go down forever. Stay tuned!

- *Disclosures:*

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