

October 26, 2022

Good Afternoon,

After a brutal September, stocks are positive so far through October. We'll see if the momentum is sustained through the end of the month. We get an important first read on Q3 GDP tomorrow morning as the government releases its first estimate on economic growth in the US for the quarter. It is expected to be a positive number, meaning the economy is still growing. Concerns remain that it will turn negative in the New Year signaling the US has entered a recession. The devil will be in the details and the Fed will use the data to help determine its next move – likely another rate hike in November.

While the world is distracted by Putin and his invasion of Ukraine, President Xi Jinping of China has continued to solidify his power as he moves towards autocrat status. He oversaw the 2018 constitutional amendment that repealed term limits and other safeguards designed to prevent one-party rule. Last week, the National People's Congress rewarded him with his third five-year term as leader. Xi also reshuffled the Communist Politburo to surround himself with "yes" men, and had his predecessor escorted out of congress in a show of absolute power. Xi has made concerning comments about Taiwan with not-so-veiled threats about an invasion. It looks like a matter of time before we see China make a move on the island it considers part of the homeland. Xi has clearly been gauging the West's reaction to Putin's war and likely feels emboldened.

Hackers are using artificial intelligence to steal peoples' online passwords. Like many of you, I have trouble keeping track of all the various passwords I've created in my electronic life. My friend gave me a suggestion. He said, "I changed my password to 'incorrect', so whenever I forget it, the computer will say, 'Your password is incorrect'." Artificial intelligence is no match for natural stupidity.

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http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

The World Series starts Friday (without the Reds), and the Buffalo Bills look strong. Should be a great weekend! Enjoy

Wade

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