

December 1, 2022

Good Afternoon,

Markets rallied sharply yesterday allowing November to finish on a strong note with solidly positive returns for the month. The upward momentum for both stocks and bonds continues since the lows of mid-October. The catalyst has been signs that the economy is slowing down and inflation is moderating. The imbalance between supply and demand is also normalizing. We'll see if the trend endures and Santa brings us another rally, or just coal.

Yesterday's powerful rally was provoked by Fed Chair Powell's commentary at the Brookings Institute where he opened the path to a smaller December rate hike (presumably ½%), and a slower trajectory of rate hikes beyond that. Pundits and critics obsessively ponder Fed moves like a little kid in the back seat asking, "Are we there yet?" Recent economic data suggests we are on the right road to taming inflation and investors are cheering any indication of economic slowdown with the thought that the Fed won't have to raise rates much further. The next fear will be whether the Fed drives the economy past the desired destination and into the recession ditch. In the meantime, kid, "No, we're not there yet. Stop asking."

Can the Buffalo Bills continue their win streak after the mid-season slump? We'll see tonight as they take on the arch-enemy New England Patriots. Bills fans used to dread these games, but that was before the team had Josh Allen and while the Pats still had what's his name. It should be entertaining, and hopefully not heartbreaking. Go Bills – and Team USA Soccer! Oh, and you can throw out your Thanksgiving leftovers now.

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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.

Have a great week,

Wade

Wade A. Sarkis, CFP®, AIF®
Managing Partner
Canandaigua Financial Group
45 Ontario Street
Canandaigua, NY 14424
(585) 396-2720

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